United States Court of Appeals

for the Second Circuit

APPENDIX

74-1693

B

P/S

United States Court of Appeals

For the Second Circuit

Docket No. 74-1693

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff-Appellee,

—against—

TILNEY & COMPANY,
FREDERICK TILNEY,
Defendants-Appellants,

On Appeal From the United States District Court
for the Southern District of New York

DEFERRED JOINT APPENDIX

Volume III — Pages 745 to 1073

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UNITED STATES COURT OF APPEALS
FILED
JUN 24 1975
A. DANIEL FUSARO, CLERK
SECOND CIRCUIT

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GREIDINGER, HOFFBERG & OBERFEST
CERTIFIED PUBLIC ACCOUNTANTS

688 SEVENTH AVENUE, NEW YORK, N.Y. 10019
(212) 489-1030

Joseph C. Hogan, Receiver For
Tilney & Company and Frederick Tilney
New York, N. Y.

Dear Sir:

In accordance with your request, we have prepared the attached financial report of Tilney & Company (a partnership) and Frederick Tilney (an individual) in receivership by order of the United States District Court, Southern District of New York, dated December 18, 1967, as of June 30, 1971, which consists of the following:

Exhibit A - Statement of Assets and Liabilities Subject to Realization and Liquidation at June 30, 1971.

Exhibit B - Summary of Cash Receipts and Disbursements - November 1, 1970 to June 30, 1971.

Schedules

1	- Summary of Investments
2	- Schedule of Securities
3	- Preferred Creditors - Taxes Payable
4	- Due to Security Brokers-Dealers
5	- Customer Accounts Approved
6	- Customer Accounts - Under Review
7	- Customer Accounts - No Claim Filed
8	- Accounts Payable Trade - Under Review
9	- Accounts Payable Trade - No Claim Filed
10	- Accounts Payable Personal - Approved
11	- Accounts Payable Personal - Under Review
12	- Accounts Payable Personal - No Claim Filed
13	- Due Dorothy Tilney - Under Review

Notes to Financial Statement.

Our examination included a review of the Receiver's books and records, without direct verification of asset account balances. Information and valuations contained in the financial statement were furnished by the Receiver without independent verification, as a basis for determining the fair and realizable amounts which might result from the ultimate sale and liquidation of the underlying assets. In the circumstances, we are precluded from expressing an opinion on the financial statements as a whole.

This special purpose report is intended for use solely by the Receiver and other interested parties to the proceedings in formulating appropriate guidelines for the ultimate realization and liquidation of the receivership.

Very truly yours,

Greidinger, Hoffberg & Oberfest

New York, N. Y.
August 25, 1971

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

STATEMENT OF ASSETS AND LIABILITIES SUBJECT TO
REALIZATION AND LIQUIDATION (NOTE 1)
JUNE 30, 1971

Assets	Total	Tilney & Company	Frederick Tilney
Current Assets:			
Cash	$ 22,489	$ 22,489	$ -
Certificates of deposit, at cost (Schedule 1)	80,000	80,000	-
Investments in U.S. Government bonds, at cost, which approximates market value ($230,000 maturity value) (Schedule 1)	222,567	222,567	-
Securities (valued at estimated conservative liquidating values - Note 1) (Schedule 2)	1,536	1,536	-
Transfers and advances during receivership	-	389	(389)
	326,592	326,981	(389)
Real Estate:			
Residential property, Centre Island, N. Y., and certain adjacent lots (valued at estimated liquidating value)	152,000	-	152,000
Unimproved property, East Norwich, N. Y. (less mortgage held by Marine Midland Tinker National Bank) (Note 6)	-	-	-
	152,000	-	152,000
Assets Subject to Claims, Liens and Offsets:			
Cash and securities held by Long Island National Bank under collateral loan agreement to loan of Governmental Statistical Corporation (contra) (Note 5) (Schedule 2)	60,755	60,755	-
Claim for interest receivable $1,955, due 1/1/69, on investment in City Commerce Corporation debentures, less amount offset for alleged indebtedness - subject to determination	-	-	-
	60,755	60,755	-
Cash value of life insurance, less loan principal and interest	24,000	9,000	15,000
Other Assets Not Presently Valued (Notes 1 and 2):			
Various assets not valued since amounts realizable are subject to recovery - including sums due from affiliated companies (in excess of $680,000), fixed assets and miscellaneous receivables	-	-	-
Total Assets Presently Valued	$563,347	$396,736	$166,611

See accompanying notes to financial statement and letter of transmittal.

OBERDINGER HOFFBERG & OBERFEST, CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

STATEMENT OF ASSETS AND LIABILITIES SUBJECT TO
REALIZATION AND LIQUIDATION (NOTE 1)
JUNE 30, 1971

Liabilities	Proofs of Claim (as of 8/25/71 less interim payment to creditors)	Total	Tilney & Company	Frederick Tilney
Receivership Administration and Preferred Creditors:				
Administration fees and expenses - subject to determination (Note 4)	$ -	$ -	$ -	$ -
School taxes during receivership, lien filed (Note 9)	-	3,403	-	3,403
Rent and commercial rent tax during receivership	-	1,615	1,615	-
Taxes payable prior to receivership (Schedule 3)	4,352	3,219	3,219	-
	4,352	8,237	4,834	3,403
Secured Creditors:				
Mortgage on residential property - Equitable Life Assurance Society of the U.S.	-	22,151	-	22,151
Unsecured Creditors (Note 8):				
Due to banks -				
Franklin National Bank (includes interest to 10/31/68)	3,150	3,150	3,150	-
First National City Bank - overdraft balance	10,698	10,698	10,698	-
Due to security brokers-dealers (Schedule 4)	6,006	6,056	6,056	-
Customer accounts approved less interim payments of $68,777 (Schedule 5)	37,061	37,061	37,061	-
Customer accounts - under review (Schedule 6)	70,364	69,914	69,914	-
Customer accounts - no claim filed (Schedule 7)	-	1,678	1,678	-
Accounts payable trade - under review (Schedule 8)	49,583	45,303	45,303	-
Accounts payable trade - no claim filed (Schedule 9)	-	1,815	1,815	-
Accounts payable personal approved, less interim payment of $2,412 (Schedule 10)	1,248	1,248	1,248	-
Accounts payable personal - under review (Schedule 11)	11,372	11,242	-	11,242
Accounts payable personal - no claims filed (Schedule 12)	-	1,114	-	1,114
Due Dorothy C. Tilney approved (daughter), less interim payment of $4,050	2,181	2,181	-	2,181
Due Dorothy Tilney (wife) - under review (Schedule 13)	3,479	2,342	38	2,304
Interest payable (Note 7)	-	-	-	-
	195,142	193,802	176,961	16,841
Contingent Liabilities:				
Guarantee and collateral pledged under loan by Long Island National Bank to Governmental Statistical Corporation of $62,000 plus accrued interest approximating $5,000 (contra) (Note 6)	-	60,755	60,755	-
Income taxes - subject to determination on audit	-	-	-	-
Obligation under mortgage liability to Marine Midland Tinker National Bank - East Norwich, N. Y. property (Note 7)	-	-	-	-
	-	60,755	60,755	-
Total Liabilities	$199,494	284,945	242,350	42,395
Tentative Excess of Assets Presently Valued Over Liabilities, (Which Exclude Undetermined Administration Costs)		278,402	154,186	124,216
Total Liabilities and Tentative Excess of Assets		$563,347	$396,736	$166,611

See accompanying notes to financial statement and letter of transmittal.

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
NOVEMBER 1, 1970 TO JUNE 30, 1971

Cash - October 31, 1970	$ 6,179
Cash Receipts -	
Tilney & Company:	
Proceeds from sale of securities -	
947.8 shares Matanuska Valley Bank	17,973
$55,844 City Commerce Corporation, 7% debentures, sold flat	41,883
2107 shares Alaska Bancshares, Inc.	1,211
Dividend and interest received (includes sales of fractional shares Matanuska Valley Bank)	8,915
Redemption of certificates of deposit	50,000(1)
Redemption of U.S. Government obligations	130,000
Proceeds from sale of Alaska real estate	26,675
Net proceeds received from National Bank of Alaska, accumulated dividends on Central Alaska Utilities, Inc. $3,449.77, less Frederick Tilney loan principal $1,000.00 and accrued interest thereon 1/31/68 to 1/22/71 at 8% per annum - $241.51	2,208
Frederick Tilney:	
Proceeds from sale of securities -	
50 shares Matanuska Valley Bank	948
	279,813
Cash Disbursements -	
Tilney & Company:	
Purchase - certificates of deposit	120,000(1)
Purchase - U.S. Treasury bills ($60M)	59,256
Interim 65% payment on creditor claims	68,777
Interim 65% payment to Dorothy Tilney (daughter)	4,050
Receivership expenses	2,047
Frederick Tilney:	
Interim 65% payment on creditor claims	2,412
Payments for mortgage amortization, real estate taxes, etc.	6,961
	263,503
Cash - June 30, 1971	$ 22,489

(1) Excludes redemption of $45,000 certificate of deposit and interest earned, maturing June 30, 1971, and the reinvestment of such proceeds which are reflected in the July 1971 bank records (see Schedule 1).

EXHIBIT A
SCHEDULE 1

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SUMMARY OF INVESTMENTS
JUNE 30, 1971

		Maturity Date	Interest Rate	Cost
Certificates of Deposit				
Manufacturers Hanover Trust Company,	#27554	7/13/71	5%	$ 10,000
	#27555	8/9/71	5%	5,000(3)
	#27558	9/1/71	5%	20,000
	#27560	6/30/71	5%	45,000(2)
				$ 80,000
U.S. Treasury Bonds				
Maturity Value				
$200,000		8/15/71	4%	194,712(1)
20,000		5/15/74	4-1/4%	18,557
10,000		5/15/74	4-1/4%	9,298
$230,000				$222,567

(1) Reinvested to U.S. Treasury bonds $200,000 face amount, due 10/4/71, interest at 7%.

(2) Reinvested to $45,000 Certificate of deposit, due 9/28/71, interest at 5%.

(3) Reinvested to $5,000 Certificate of deposit, due 11/8/71, interest at 5%.

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GREIDINGER HOFFBERG & OBERFEST, CERTIFIED PUBLIC

EXHIBIT A
SCHEDULE 2

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF SECURITIES (1)
JUNE 30, 1971

Number of Shares or Face Amount	Description	Tilney & Company (7)
Securities on Hand		
6,509	Central Alaska Utilities, Inc. (formerly Spenard Utilities)(1)	$ -
25	Life Insurance Securities Corporation (1)	-
10	Alaska Airlines (4)	60
41	Matanuska Valley Bank (5)	1,476
380	Long Island Commercial Review (1)	-
		$ 1,536
Securities and Notes Held by Long Island National Bank (2)		
$95,000	Alaska State Development Corp. - 4%-8/1/73 (payable to Governmental Statistical Corporation)	-
$59,000	Governmental Statistical Corporation	-
756	Matanuska Valley Bank (6)	27,216
640	" " " (3)(6)	-
19,000	Long Island Commercial Review 4% Note Receivable (3)	-
130	Bank of Suffolk County (3)	-
31	National Bank of Alaska (3)	-
		$ 27,216
TOTAL		$ 28,752

(1) Security valuations were furnished by the Receiver at conservative estimated liquidating values. Values for certain securities were unavailable.
(2) Securities and notes are held under collateral loan agreement to loan of Governmental Statistical Corporation in the principal amount of $62,000, plus accrued interest. The bank also holds cash in the amount of $33,539.
(3) No values assigned by Receiver as securities are subject to claim to ownership by Dorothy Tilney.
(4) Not registered in the name of the receivership estate.
(5) Represents 5% stock dividend(primarily on shares held by Long Island National Bank) - ownership to approximately 3 shares may be claimed by Dorothy Tilney.
(6) Long Island National Bank did not confirm receipt of 5% stock dividend - number of shares presently held is subject to verification - see item(5).
(7) Excludes 200 shares Lithium Corp. Canada held by Francis I. DuPont & Co. which is worthless.

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GREIDINGER, HOFFBERG & OBERFEST - CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULES
JUNE 30, 1971

SCHEDULE 3 - TAXES PAYABLE PRIOR TO RECEIVERSHIP - TILNEY & COMPANY

Claim Number	Name and Address	Amount Claimed	Amount Per Records	Explanation
84	State Tax Commission	207.11	203.20	Employee withholding tax.
126	City of New York Department of Finance	220.00	-	Corporation business tax.
		110.00	-	Employee withholding tax.
127	City of New York Department of Finance	220.00	-	Corporation business tax.
		880.00	800.00(1)	Commercial rent and occupancy tax.
148	New York State Department of Labor	345.60	83.90	N.Y.S. unemployment insurance.
158	Internal Revenue Service	2,368.84	2,131.49	Federal withholding tax, social security tax and Federal unemployment tax.
		$4,351.55	$3,218.59	

SCHEDULE 4 - DUE TO SECURITY BROKERS-DEALERS - TILNEY & COMPANY

110	Francis I. DuPont & Co.	3,055.21	3,105.00	
170	Edwin L. Tatro Company	2,951.00	2,951.00(1)	Allowed by Frederick Tilney but subject to further review by the Receiver and Counsel.
		$6,006.21	$6,056.00	

(1) Adjustment to reflect liability not previously recorded.

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JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF CUSTOMER CLAIMS APPROVED
JUNE 30, 1971

Claim Number	Claimant	Balance Proof of Claim	Interim 65% Dividend Payment	Original Indebtedness(1)
5	Jose M. Romano	$ 228.37	$ 424.13	$ 652.50
7	Horst Beitter	191.25	305.04	496.29
12	Rachel V. Robertson	234.13	434.81	668.94(1)
13	Frances K. and Alfred B. Roney	287.00	533.00	820.00(1)
17	Walter L. Clark	35.84	66.56	102.40
19	Albert Edward Bennett A/C/F Michael Bennett, Minor	385.00	715.01	1,100.01(1)
20	Albert Edward and Murray Evelyn Bennett	396.20	735.80	1,132.00(1)
21	Frank R. and Marie J. Foley	723.36	1,343.39	2,066.75(1)
22	George G. Brooks	430.80	800.05	1,230.85(1)
24	Thomas R. Marshall, Jr.	885.94	1,645.31	2,531.25(1)
25	Kenneth Fox	590.54	1,096.71	1,687.25
28	Faye E. and Nancy Troy	176.40	327.60	504.00
29	Charles and Lucille Hardenbrook	905.62	1,681.88	2,587.50(1)(3)
31	Norris H. and Orlean L. Nelson	131.25	243.75	375.00
33	Allan W. Alvin	698.21	1,296.67	1,994.88(1)
37	Ralph P. De Vilbiss	1,323.09	2,457.16	3,780.25(1)
38	James M. and Kathleen P. Balistreri	286.01	531.12	817.13(1)
39	Clement Eugene and Joanne Mary Gill	311.98	579.40	891.38(1)
40	John K. Bishop	403.94	750.16	1,154.10(1)

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF CUSTOMER CLAIMS APPROVED
JUNE 30, 1971

Claim Number	Claimant	Balance Proof of Claim	Interim 65% Dividend Payment	Original Indebtedness(1)
41	James J. Goodfellow	$ 161.35	$ 299.65	$ 461.00(1)
42	Palmer Peterson	66.50	123.50	190.00(1)
44	Charles W. Boohar, Jr.	536.20	995.80	1,532.00(1)
45	Kenneth and Ruth E. Rountree	443.71	824.04	1,267.75(1)
47	William H. and Kathleen C. Radentz	1,148.68	2,133.26	3,281.94(1)
48	Jean M. Rietze	1,384.16	2,570.59	3,954.75(1)
49	Daniel W. Rietze	1,232.40	2,288.75	3,521.15(1)
50	Gerald E. and Jacqueline M. Watkins	353.68	656.82	1,010.50(1)
52	Harry Schiwy	396.55	736.45	1,133.00(1)
53	Joseph P. and Cynthia L. Steiner	316.93	588.57	905.50(1)
54	Roland and Ellen Willequer	315.00	585.00	900.00(1)
55	Jerry L. Winn	2,100.53	3,900.97	6,001.50
56	John M. and Carol N. Banta	690.51	1,282.37	1,972.88(1)
57	Merle E. Williams	469.44	871.81	1,341.25(1)
58	Laurence Saunders	542.74	1,007.95	1,550.69
60	William G. and Bobbi M. Hubbard	1,403.59	2,606.66	4,010.25
61	William C. and Ida M. Weimer	201.16	373.59	574.75(1)
62	Elmer E. and Sharon S. Potter	406.40	754.73	1,161.13(1)
63	Agnes M. Palik	165.64	307.61	473.25(1)
65	John Xethers	892.06	1,656.69	2,548.75(1)
67	Edward E. and Joanna M. Hollier	924.70	1,717.30	2,642.00(1)

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF CUSTOMER CLAIMS APPROVED
JUNE 30, 1971

Claim Number	Claimant	Balance Proof of Claim	Interim 65% Dividend Payment	Original Indebtedness(1)
68	Vitalis and Waltraud Svazas	$ 366.86	$ 681.30	$ 1,048.16(1)
74	Edward O. and Ellen K. Meyers	199.33	370.17	569.50(1)
75	Edward S. E. and Phoebe K. Newbury	367.50	682.50	828.35 221.65(2)
76	Billy S. Rimes, A/C/F Angela	319.38	593.12	912.50(1)
77	Billy S. and Jeannette N. Rimes	148.84	276.41	425.25(1)
79	Earl E. and Eva B. Allen	416.73	773.94	1,190.67(1)
80	Laverne D. and Thelma L. Buller	72.19	134.06	206.25(1)
82	Andrew H. Eker	223.39	414.86	638.25(1)
85	Ralph D. Clukey	261.45	485.55	747.00
86	Barbara Jean Putnam	39.38	73.12	112.50(1)
87	Clarence L. Jeffers	6,185.90	11,488.10	17,674.00(1)
89	L. S. Kurtz, Jr.	249.73	463.77	713.50(1)
91	Royce Harvey and Ann Elizabeth Morgan	350.58	651.08	1,001.66(1)
92	Royce Harvey and Ann Elizabeth Morgan	345.08	640.85	985.93
93	Ann E. Morgan, A/C/F Royce Townley Morgan - Minor	107.92	200.41	308.33(1)
94	Ann E. Morgan, A/C/F Philip Harvey Morgan - Minor	107.92	200.41	308.33(1)
95	Royce Harvey Morgan, A/C/F Peggy Ann Morgan - Minor	107.92	200.41	308.33(1)
96	Royce Harvey Morgan, A/C/F Mary Ann Morgan - Minor	107.92	200.41	308.33(1)
98	Francis H. and Fidelis F. Grant	694.84	1,290.42	1,985.26(1)
101	Tommy L. Dome	39.55	73.45	113.00

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF CUSTOMER CLAIMS APPROVED
JUNE 30, 1971

Claim Number	Claimant	Balance Proof of Claim	Interim 65% Dividend Payment	Original Indebtedness(1)
103	Alfred G. and Patricia Gronnestad	$ 204.31	$ 379.44	$ 583.75(1)
104	Donald A. Nash	489.56	909.19	1,398.75
105	Diane H. Nash	967.75	1,797.25	2,765.00
108	Jerry L. and Sylvia W. Coleman	173.12	321.51	494.63(1)
113	Franklin E. Campbell	218.16	405.14	623.30(1)
119	T. W. and Jeri S. Mortensen	336.88	625.62	962.50(1)
121	Billy J. and Phyllis Walters	51.89	96.36	148.25
122	Richard Maytum	123.90	230.10	354.00
125	Draga and Robert D. Caffrey	352.89	655.36	1,008.25(1)
146	Walter L. Teeuwen	159.69	296.56	456.25(1)
152	Emmet and Gwendolyn Roetman	352.50	654.65	1,007.15
153	Emmet Roetman, A/C/F Kristin	70.02	130.04	200.06(1)
154	Emmet Roetman, A/C/F Russell	70.02	130.04	200.06(1)
157	Kenneth Lauster	1.05	1.95	3.00
	TOTALS	$37,061.01	$68,777.21	$105,838.22

(1) After minor adjustments, primarily for dividend differences between books and proofs of claim,

(2) Excess of amount claimed over original indebtedness, tentatively allowed for interim 65% payment - subject to further review.

(3) Indebtedness per records increased by $491.00 for unrecorded obligations.

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF CUSTOMER ACCOUNTS UNDER REVIEW
JUNE 30, 1971

Claim Number	Claimant	Proof of Claim (As of 8/25/71)	Indebtedness Per Records, As Adjusted	Adjustments to Records
73	David Gerrish Norton	$ 190.75	$ 190.75	$ 150.31(1)
144	Marvin R. & Judith Edwards	669.74	669.74	-
160	James R. & Betty Carawan	4,248.29	4,248.29	-
161	Charles C. & Luella Pugh	4,647.37	4,615.37	-
162	Glen L. & Mildred Prewitt	5,305.55	5,305.55	(60.40)(2)
164	August L. Woeltz	1,704.50	1,704.50	-
165	Danny P. Swiderski	1,019.25	989.25	-
166	Russell H. Horton, A/C/F Larry Horton	311.68	311.68	(7.50)(2)
167	Russell H. & Verona Horton	273.04	273.04	-
168	Ronald Van Eykeren	1,500.88	1,500.88	3.00(2)
169	James H. & Marie Malone	390.80	390.80	(4.95)(2)
172	Glen R. Talley	- (3)	11,185.00	-
	Glen R. & Susan Talley	15,761.40	4,576.50	-
173	Harold V. & Beryl Walter	10,284.38	10,284.38	40.63(4)
174	Gene C. Lanzaro	20,978.15(6)	20,679.15	-
175	Lt. Col. Theodore J. Meiners	2,440.00	2,440.00	(1.00)(2)
177	Joseph Andreis	21.64	21.64	(10.00)(1)
178	Stephen C. & Ann LaCaze	90.00	1.00	
181-181A	Gary W. & Joan M. Archer	253.38(5)	253.38	(3.25)(2)
183	Perry L. Dedrich	78.29	78.29	(.09)(2)
184	Gary W. Archer	195.00	195.00	(2.50)(2)
	TOTAL	$70,364.09	$69,914.19	$ 104.35

See notes on following page.

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF CUSTOMER ACCOUNTS-UNDER REVIEW
JUNE 30, 1971

(1) Adjustment to liability balance.

(2) Adjustments to records for dividends.

(3) Indebtedness per records indicate - Glen R. Talley $11,185.00
Glen R. & Susan Talley 4,576.50
$15,761.50

Claim is filed jointly and not consistent with account titles per records.

(4) Adjustment to records for interest.

(5) Joint account - individual claims filed by separated parties.

(6) Total claimed does not agree with details furnished in such claim.

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GEIDINGER HOFFBERG & OBERFELL CERTIFIED P

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP)

SCHEDULE OF CUSTOMER ACCOUNTS - NO CLAIM FILED
JUNE 30, 1971

Claimant	Amount Per Records
Larry M. Belmont	$ 19.50
Floyd E. & M. Bettles	14.00
Audrey K. Bills	112.00
Clifford V. Bissel	.80
Dr. Carl M. and Anna Bowman	2.50
Billy Barton Brown	28.60
William O'L. Chinn	2.50(1)
Jerald D. and Betty Cowan	7.80
Clark De Garno	- (2)
Howard W.F.R. Hall	- (3)
Rolf & Marie Helle	30.00
Lucille Hendrickson, Custodian for Barbara Hendrickson	3.00(1)
Lucille Hendrickson	6.00(1)
George M. & Hazel Jonovitz	3.75
Francis M. & Sharon Koenig	4.50
Thomas & Peggy Luce	3.25(1)
Norman McDonald, Jr.	6.25
Albert F. & Lucille Meyer	6.00(1)
Charles W. Zelma Monroe	12.00(1)
Gerald F. Molitor	1.75(1)
McKenzie Musick	4.68

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP)

SCHEDULE OF CUSTOMER ACCOUNTS - NO CLAIM FILED
JUNE 30, 1971

	Amount Per Records	
Jack D. O'Brien	$ 5.00	
H. Russell Place	116.00	
Robert J. Rodgers, As Custodian For Candace Rodgers	-	(4)
Richard R. and Ellen Sassara	1,298.98	
Jerry P. Smith	2.25	
William Arthur and Thetus Smith	2.50	
Dyonisco and Thedore Tingcang	8.75	
Sgt. Raymond Walker	10.63	
Joseph Welch and Rolent Merril	3.50	(1)
	1,716.49	
Less: Amount allegedly paid by Dorothy Tilney (Schedule 13)	38.00	
	$1,678.49	

(1) Of the above recorded liabilities of Tilney & Company, Dorothy Tilney has submitted a claim which includes an aggregate of $38.00 representing alleged payments by her to the foregoing customers.

(2) Indebtedness per original records $679.00. Customer disclaims balance of $434.50 and states nothing is owing to him.

(3) Indebtedness per original records $298.00. Customer disclaims this balance as owing to him.

(4) Indebtedness per original records $50.00. Customer disclaims $46.00 (security value at December 17, 1967) and states nothing is owing to him.

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EXHIBIT A
SCHEDULE 8

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP)

SCHEDULE OF ACCOUNTS PAYABLE TRADE - UNDER REVIEW
JUNE 30, 1971

Claim Number	Claimant	Proofs of Claim (As of 8/25/71)	Indebtedness Per Records As Adjusted
1	The Blue List Publishing Co.	$ 370.44(1)	$ -
9	Cadwalader, Wickersham & Taft	13,435.69(1)	13,435.69
10	Louis D. Blum & Co.	12,272.03(1)	11,522.03
32	Bridge Auto Service	299.05	299.05
36	Remington Rand Office Machines Div.	288.23(1)	299.46
43	The Alaska Communications System	10,956.07(1)	9,360.40
46	Chase Office Supplies, Ltd.	97.31(1)	80.19
78	Dun & Bradstreet, Inc.	150.00(1)	150.00(2)
90	American Telephone & Telegraph Co.	3,765.88(1)	2,207.80
171	Long Island Commercial Review	2,000.00	2,000.00(3)
179	Nordam Cleaning Contractors, Inc.	120.00	120.00
182	Irving Trust Co. - Rent	5,828.48	5,828.48(4)
	TOTALS	$49,583.18	$45,303.10

(1) Claim includes amounts which may be applicable to Tilney & Company, Inc. - subject to review.

(2) Adjustment to records in the amount of $884.00 decreasing liability.

(3) Adjustment to records in the amount of $438.28 decreasing liability.

(4) Adjustment to records in the amount of $323.00 increasing liability for real estate tax escallation, adjusted by landlord retroactively.

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EXHIBIT A
SCHEDULE 9

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP)

SCHEDULE OF ACCOUNTS PAYABLE TRADE - NO CLAIM FILED
JUNE 30, 1971

	Amount Per Books
Appeal Printing Company	$ 26.25
City of Anchorage	32.28
Daytimes	9.66
Prudden's Digest of Investment	50.00
Standard & Poors	20.10
Wall Street Journal	26.00
Westly Associates	116.52
Friden, Inc	12.34
Gustav Fielitz, Inc	53.55
Journal of Commerce	32.00
Merrill, Lynch, Pierce, Fenner and Smith, Inc	4.76
Moody's Investors Service	319.20
National Quotation Service	607.95
Xerox Corporation	504.81
TOTAL	$1,815.42

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EXHIBIT A
SCHEDULE 10

JOSEPH C. HOGAN, RECEIVER FOR
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF ACCOUNTS PAYABLE PERSONAL - APPROVED
JUNE 30, 1971

Claim Number	Claimant	Balance Proofs of Claim	Interim 65% Dividend Payment	Original Indebtedness(1)
15	Incorporated Village of Centre Island	$ -	$ 93.17(2)	$ 93.17
16	Frank Giandalone - Highland Farms	97.85	181.72	279.57
26	Hall & Casey	234.50	435.50	670.00
27	Lewis Oil Co., Inc.	395.49	734.49	1,129.98
70	Hotine Bros. Inc.	114.60	212.82	327.42
71	North Shore Laundries, Inc. D/B/A Superior Hand Laundry	24.72	45.92	70.64
83	David R. Strecker Bayville Hardware	44.44	82.53	126.97
100	Irene Hayes, Wadley & Smythe, Inc.	28.54	53.01	81.55
118	Joseph Parente Village Cleaners	144.15	267.70	411.85
145	Park East Fish Market, Inc.	27.13	50.37	77.50
150	E. B. Meyrowitz, Inc.	37.63	69.87	107.50
151	Arthur W. Pearce, Jr. St. Anthony Club	33.08	61.42	94.50
155	Dr. James L. Boyd	28.00	52.00	80.00
156	Coombs & Oliver, Inc.	38.26	71.06	109.32
	TOTALS	$1,248.39	$2,411.58	$3,659.97

(1) After adjustments for differences between books and proofs of claim.
(2) Claim paid in full to avoid tax lien (water bill).

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JOSEPH C. HOGAN, RECEIVER FOR
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF ACCOUNTS PAYABLE PERSONAL - UNDER REVIEW
JUNE 30, 1971

Claim Number	Claimant	Proofs of Claim (As of 8/25/71)	Indebtedness Per Records As Adjusted	Assignment of Liability Claimed by Dorothy Tilney(1)	Balance
14	George Harer, M.D.	$ 15.50*(2)	$ 15.50(7)	$ 15.50	$ -
23	Doubleday Accounting Office	10.50*(3)	10.50	10.50	-
109	Mara Animal Hospital	1,080.74*(4)	1,293.96	1,293.96	-
176	Miller, Montgomery & Spaulding	2,542.43	2,542.43(5)	-	2,542.43
3	A. Mirabito	2,270.96	2,214.39	-	2,214.39
6	Bartley De Buona Our Hobby Market	6,558.48	6,485.43	-	6,485.43
34	Tiffany & Co.	169.32*(6)	169.32(8)	169.32	-
		12,647.93	$12,731.53	$1,489.28	$11,242.25
	Less applicable to Dorothy Tilney claim (Schedule 13)	1,276.06*			
		$11,371.87			

(1) Dorothy Tilney has submitted a claim which includes an amount aggregating $1,489.28, which represents alleged payments by her to certain of the foregoing creditors (see Schedule 13).

(2) Original claim filed in the amount of $35.50. Assignment of debt to Dorothy Tilney in the amount of $15.50 submitted in full settlement of debt of Frederick Tilney.

(3) Original claim filed in the amount of $65.50. Assignment of debt to Dorothy Tilney in the amount of $10.50 submitted in full settlement of debt of Frederick Tilney.

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- continued -

JOSEPH C. HOGAN, RECEIVER FOR
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF ACCOUNTS PAYABLE PERSONAL - UNDER REVIEW
JUNE 30, 1971

(4) Judgment rendered against Frederick Tilney and Dorothy Tilney, apparently in the amount of $1,080.74, in District Court of the County of Nassau in the Fourth District, number 1373/67. Balance of judgment was satisfied in full in August 1970. Original claim filed in the amount of $1,080.74. Affidavit of counsel for Mara Animal Hospital, dated February 12, 1970, indicates $870.20 received from Dorothy Tilney. Letter from Mara Animal Hospital, dated May 22, 1971, indicates additional sums paid by Dorothy Tilney but does not state period of services.

(5) Adjustment to records in the amount of $2,073.66 decreasing liability.

(6) Original claim filed in the amount of $169.32. Assignment of debt to Dorothy Tilney in the amount of $169.32 submitted in full settlement of debt of Frederick Tilney.

(7) Tentative adjustment to records in the amount of $15.50 increasing liability.

(8) Tentative adjustment to records in the amount of $169.32 increasing liability.

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EXHIBIT A
SCHEDULE 12

JOSEPH C. HOGAN, RECEIVER FOR
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF ACCOUNTS PAYABLE PERSONAL - NO CLAIM FILED
JUNE 30, 1971

	Per Records	Assignment of Liability Claimed by Dorothy Tilney(1)	Balance
B. Altman & Company	$ 49.98	$ 49.98	$ -
Bayville Limousine Service	15.00	15.00	-
Bergdorf Goodman	30.60	30.60	-
Bon Marche	209.06	209.06	-
Community Hospital of Glen Cove	23.50	23.50	-
Court Press	468.74	-	468.74
Dr. Miner C. Hill	91.00	91.00	-
Our Hobby Liquors	144.94	-	144.94
Holzbacher, McLenden & Murrell	500.00	-	500.00
Lord & Taylor	118.83	118.83	-
Oyster Bay Glass Works	4.17(2)	4.17	-
Pyrofax Gas Corporation	27.58	27.58	-
Theodore J. Pavents	31.50	31.50	-
M. H. Renken Dairy Company	23.01	23.01	-
Snouder's Corner Drugstore, Inc.	190.79	190.79	
TOTALS	$1,928.70	$ 815.02	$1,113.68

(1) Dorothy Tilney has submitted a claim which includes an amount aggregating $815.02, which represents alleged payments by her. She has submitted assignments of these liabilities as part of her claim, see Schedule 13.

(2) Tentative adjustment to records in amount of $2.13 increasing liability.

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JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

DUE DOROTHY TILNEY (WIFE) UNDER REVIEW
JUNE 30, 1971

	Amounts Claimed by Dorothy Tilney (As of 7/21/71)	TENTATIVE RECLASSIFICATION OF RECORDED CLAIMS AND/OR LIABILITIES FROM OUTSIDE CREDITORS TO DOROTHY TILNEY	
		Tilney & Company	Frederick Tilney
Schedule 7 - Customer Accounts - No Claim Filed:			
William O'L. Chinn.....	$ 2.50	$ 2.50	
Lucille Hendrickson, Custodian for Barbara Hendrickson.....	3.00	3.00	
Lucille Hendrickson.....	6.00	6.00	
Thomas & Peggy Luce.....	3.25	3.25	
Albert F. & Lucille Meyer.....	6.00	6.00	
Charles W. & Zelma Monroe.....	12.00	12.00	
Gerald F. Monitor.....	1.75	1.75	
Joseph Welch & Rolent Merrill...	3.50	3.50	
	38.00	38.00	-
Schedule 11 - Accounts Payable Personal - Under Review: (1)			
George Harer, M.D.....	15.50		15.50
Doubleday.....	10.50		10.50
Mara Animal Hospital.....	1,293.96		1,293.96
Tiffany & Co.....	169.32		169.32
	1,489.28(1)	-	1,489.28
Schedule 12 - Accounts Payable Personal - No Claim Filed:			
B. Altman & Company.....	49.98		49.98
Bayville Limousine Service.....	15.00		15.00
Bergdorf Goodman.....	30.60		30.60
Bon Marche.....	209.06		209.06
Community Hospital of Glen Cove	23.50		23.50
Dr. Miner C. Hill.....	91.00		91.00
Lord & Taylor.....	118.83		118.83
Oyster Bay Glass Works.....	4.17		4.17
Pyrofax Gas Corp.....	27.58		27.58
Theodore J. Pavents.....	31.50		31.50
M. H. Renken Dairy Co.....	23.01		23.01
Snouder's Corner Drugstore, Inc.	190.79		190.79
	815.02	-	815.02
Total Per Records - Exhibit A.....	2,342.30	38.00	2,404.30

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JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

DUE DOROTHY TILNEY (WIFE) UNDER REVIEW
JUNE 30, 1971

	Amounts Claimed by Dorothy Tilney (As of 7/21/71)	TENTATIVE RECLASSIFICATION OF RECORDED CLAIMS AND/OR LIABILITIES FROM OUTSIDE CREDITORS TO DOROTHY TILNEY	
		Tilney & Company	Frederick Tilney
Total Per Records - carried forward	$2,342.30	$ 38.00	$2,404.30
Accounts Payable Personal - No Liability Previously Reflected in Records:			
Elmer G. Brook Insurance.....	$ 95.50		$ 95.50
Merdon Carpet Company.....	260.10		260.10
Bonwit Teller.....	100.47		100.47
Watson - Klinge Florists.....	18.45		18.45
Donald Jarvis.....	200.00		200.00
Long Island Lighting Company..	93.94		93.94
Country Lady.....	57.53		57.53
Razzano Shoes.....	11.08		11.08
Nobmans Hardware.....	11.91		11.91
Seawanhaka Corinthian Yacht Club.....	258.96		258.96
Smith Jewelers.....	28.56		28.56
	1,136.50	-	1,136.50
		38.00	$3,440.80
		3,440.80	
COMBINED TOTAL.....	$3,478.80	$3,478.80	

The claim of Dorothy Tilney includes alleged payments made on behalf of Tilney & Company and Frederick Tilney and is subject to submission of further substantiation and review by counsel for the Receiver. See further details at Schedules 7, 11 and 12.

(1) Applicable amounts of claims by original creditors aggregate $1,276.06 as stated in Schedule 11.

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JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1971

NOTE 1 - VALUATION OF ASSETS

Asset values were furnished by the Receiver based upon bids, appraised values, and estimates consistent with conservative values, which may ultimately be realized upon liquidation. Certain assets including various securities, investments and receivables from subsidiaries and affiliates, etc., were not presently valued pending subsequent determination of amounts recoverable and may be applied in payment of creditor claims. Certain of the security investments are not readily marketable.

NOTE 2 - RECEIVABLES FROM AFFILIATES

The amounts recoverable on investments and receivables from affiliated companies cannot be presently determined by the Receiver and his counsel. A judgment has been filed against Governmental Statistical Corporation in favor of the estate in the approximate amount of $500,000. Real property owned by the affiliated company has been noticed for execution sale by the sheriff in partial satisfaction of this judgment. The appraised value of the property is $115,000.

NOTE 3 - LIABILITIES TO CUSTOMERS OF TILNEY & COMPANY (SECURITY BUSINESS)

Pursuant to instructions of the Receiver, customer account liabilities are reflected at the original amount of the transaction plus dividends claimed by customers to December 17, 1967. Where dividends were not claimed by customers, reduction in recorded liabilities was authorized. The legal obligation of the estate to customers is subject to review by counsel to the Receiver and the Securities and Exchange Commission.

NOTE 4 - ADMINISTRATION FEES AND EXPENSES

Applications for interim allowances for fees and expenses by the Receiver, former Receiver, counsel and accountants to the Receivers exceeded $200,000 and are subject to review and determination by the court.

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JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1971

NOTE 5 - CONTINGENT LIABILITY TO LONG ISLAND NATIONAL BANK

Tilney & Company and Frederick Tilney are contingently liable under a collateral loan agreement to a loan by Long Island National Bank to Governmental Statistical Corporation in the amount of $62,000, plus accrued interest approximating $5,000. Cash and securities of Tilney & Company held by the bank was tentatively valued at $60,755. The bank also holds as collateral a 4% note in the face amount of $95,000 issued by The Alaska State Development Corporation to Governmental Statistical Corporation, maturing August 1, 1973, and various other securities alleged to be owned by Dorothy Tilney, the wife of Frederick Tilney. The contingent liability is stated in the financial statement at the same value as the Tilney & Company collateral held by the bank.

NOTE 6 - MORTGAGE - MARINE MIDLAND TINKER NATIONAL BANK

The Receiver and Frederick Tilney, by court order dated July 8, 1970, executed a mortgage on certain undeveloped land in Norwich and East Norwich, N. Y. to Marine Midland Tinker National Bank in the amount of $115,828 with 7½% interest, in full payment and satisfaction of the bank's claim for loan principal of $98,000 plus accrued interest, which resulted from a 1966 loan to Frederick Tilney and Dorothy Tilney. The land was appraised at $103,500 and the bank paid to the Receiver $5,500 as further consideration for the mortgage. In the event that the assets of the receivership are insufficient to pay the full amount of all just claims against it (including administration expenses) the bank will pay to the Receiver an amount, which when subtracted from the sum of $103,500, will make the prorated value of the distribution received by the bank equal to the prorated share of each other creditor. The receivership is subject to terms and conditions as set forth in the mortgage agreement.

NOTE 7 - INTEREST PAYABLE

Pursuant to instructions of the Receiver and his counsel, interest payable on general claims to June 30, 1971, has not been provided in the financial statement pending determination and authorization by the court.

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JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1971

NOTE 8 - CLAIMS EXPUNGED

Claims have been expunged aggregating in excess of $370,000 applicable to family members and affiliated companies of Frederick Tilney. A claim by Dorothy C. Tilney, daughter of Frederick Tilney, was approved in the amount of $6,231. A claim by Dorothy Tilney, wife of Frederick Tilney, in the amount of $3,479 is under review.

NOTE 9 - SCHOOL TAXES DURING RECEIVERSHIP, LIEN FILED

A tax lien was filed on the residential property at Centre Island, N.Y. for unpaid school taxes applicable during the receivership period. The Receiver's records indicate payment of all bills directly to the tax collector or reimbursement to Frederick Tilney. Details underlying the application of such payments are under review.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

SECURITIES AND EXCHANGE COMMISSION :

Plaintiff, : 67 Civ. 4676

vs. :

TILNEY & COMPANY, FREDERICK TILNEY : NOTICE OF MOTION

Defendants. :

- x

SIRS:

PLEASE TAKE NOTICE, that the undersigned will bring on the annexed motion for hearing before this Court at Room 618, United States Court House, Foley Square, City of New York, on the 8th day of September, 1971, at 10:00 o'clock in the forenoon of that day, or as soon thereafter as counsel can be heard.

Creditors of the above named defendants receiving this notice are hereby advised that their claims are subject to judicial determination at the aforesaid hearing, and are further advised that they may appear at the hearing either in person or by counsel.

Dated: New York, New York
August 31, 1971

WAGNER, QUILLINAN & TENNANT
Attorneys for Receiver
Office and P.O. Address:
350 Fifth Avenue
New York, New York 10001

TO:

SECURITIES AND EXCHANGE COMMISSION
26 Federal Plaza
New York, New York

CADWALADER, WICKERSHAM & TAFT, ESQS.
1 Wall Street
New York, New York

I. ALAN HARRIS, ESQ.
292 Madison Avenue
New York, New York

SAXE, BACON & BOLAN, ESQS.
39 East 68th Street
New York, New York

BLUE LIST PUBLISHING COMPANY, INC.
345 Hudson Street
New York, New York 10014

A. MIRABITO
132 Bayville Avenue
Bayville, L.I., New York

BARTLEY DE BUONA
- Our Hobby Market
275 Bayville Avenue
Bayville, L.I., New York

LOUIS D. BLUM & COMPANY
110 East 42nd Street
New York, New York 10017

REMINGTON RAND
Office Machines Division
333 Wilson Avenue
So. Norwalk, Connecticut

CHASE OFFICE SUPPLIES
244 Front Street
New York, New York 10038

STATE TAX COMMISSION OF NEW YORK
Division 45
Albany, New York

FRANCIS I. DUPONT & CO.
1 Wall Street
New York, New York

FRANKLIN NATIONAL BANK
c/o Sahn, Shapiro & Epstein
350 Fifth Avenue
New York, New York 10001

CITY OF NEW YORK DEPARTMENT OF FINANCE
(Excise Tax Bureau)
139 Centre Street
New York, New York 10013

NEW YORK STATE DEPARTMENT OF LABOR
State Campus
Albany, New York 12201

UNITED STATES INTERNAL REVENUE SERVICE
c/o F.S. Lehman, Chief
Special Procedures Staff
P. O. Box 2899
Church Street Station
New York, New York 10008

GENE LANZARO
2115 Lelaray
Apartment No. 202
Colorado Springs, Colorado 80909

STEPHEN C. and ANN LA CAZE
1620 Marguerite Street
Anniston, Alabama

DOROTHY M. TILNEY
Centre Island
Oyster Bay, New York 11771

RICHARD R. and E. ELLEN SASSARA
2101 Stanford Drive
Anchorage, Alaska 99504

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - - -x

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

TILNEY & COMPANY, FREDERICK TILNEY,

Defendants.

67 Civ. 4676

AFFIDAVIT IN SUPPORT OF MOTION

- - - - - - - - - - - - - - - - - - - -x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

JOSEPH C. HOGAN, being duly sworn, deposes and says:

1. I am the duly appointed, qualified and acting Receiver of the assets of the above captioned defendants.

2. As more particularly set forth in my Affidavit sworn to the 30th day of April, 1971, and filed herein, the above captioned plaintiff, Securities and Exchange Commission, had previously moved that the Court direct that a full or partial distribution be made to the creditors of the defendants herein.

3. At the direction of the Court, I prepared a proposed Order providing for a partial distribution to the extent of sixty-five per cent of creditors' claims, as allowed, and caused said proposed Order to be brought on before this Court by motion, on notice, said motion having been heard on the 5th day of May, 1971.

4. Pursuant to the aforesaid hearing, this Court, by Order dated the 24th day of May, 1971, and filed

herein, allowed certain claims as set forth in the Schedule attached thereto, and directed that a distribution be made to the respective creditors to the extent of sixty-five per cent of allowed claims.

5. In compliance with the aforesaid Order, I caused checks to be drawn payable to the order of the creditors listed in the Schedule attached to the Order, in the respective amounts set forth therein, and caused said checks to be mailed to the creditors at the respective addresses also as set forth therein.

6. This Affidavit is made in support of a motion requesting that the Court allow certain claims which have not previously been allowed; requesting that the Court determine whether or not certain claims which are disputed, either in part or in full, should be allowed; requesting that the Court approve an additional allowance in connection with a certain claim that was previously allowed for a lesser amount; and requesting that the Court approve a second distribution to creditors so that all allowed claims may be paid to the extent of one hundred per cent of the approved amount.

7. Annexed to this Affidavit and made a part hereof is Schedule "A", which sets forth certain creditors' claims which have not previously been allowed by this Court. The said claims are those of customers of Tilney & Company. After consultation with Frederick Tilney, the individual defendant herein, and Greidinger, Hoffberg & Oberfest, Court appointed accountants to the Receiver, I believe that these claims are valid and should be allowed.

I have been advised by Frederick Tilney that he admits the amounts claimed in this schedule to be correct. I do not object to the allowance of these claims.

8. Annexed to this Affidavit and made a part hereof is Schedule "B", which sets forth certain creditors' claims which also have not previously been allowed by this Court. The said claims are those of general creditors of Tilney & Company and Frederick Tilney. After consultation with Frederick Tilney and Greidinger, Hoffberg & Oberfest, I believe that these claims also are valid and should be allowed. Although in some cases the records of Tilney & Company and Frederick Tilney do not confirm the amounts claimed with absolute certainty, Frederick Tilney admits that the amounts claimed are correct, and, after having examined all of the available evidence, I do not object to the allowance of these claims.

9. Annexed to this Affidavit and made a part hereof is Schedule "C", which sets forth certain creditors' claims which are disputed in whole or in part for the following reasons:

(a) Claim No. 1, the claim of Blue List Publishing Company, Inc., is disputed by the Receiver on the grounds that it is an obligation of Tilney & Company, Inc., and not of the defendants herein.

(b) Claim No. 3, the claim of A. Miribito, is disputed by the Receiver on the grounds that insufficient supporting

evidence has been submitted by the claimant.

(c) Claim No. 6, the claim of Bartley De Buona - Our Hobby Market, is disputed by the Receiver on the grounds that insufficient supporting evidence has been submitted by the claimant.

(d) Claim No. 9, the claim of Cadwalader, Wickersham & Taft, is disputed by the Receiver to the extent that the claim represents work attributable to the formation of Tilney & Company, Inc., and work for that corporation. In an Affidavit In Support of Claim, sworn to the 7th day of July, 1971, William N. Clarke, a member of the claimant firm states (paragraph 5):

> "Much time was spent in incorporating the company, preparing the certificate of incorporation and by-laws, ordering corporate seals and minute books, preparing minute books for board meetings, attending board meetings, and registering the company under the Martin Act."

(e) Claim No. 10, the claim of Louis D. Blum & Company, is disputed by the Receiver on the grounds that he has been unable to obtain satisfactory proof of the work allegedly performed by this claimant. The claimant had been requested to produce time sheets, but instead filed an affidavit containing a summary statement of services rendered.

(f) Claim No. 36, the claim of Remington Rand, is disputed by the Receiver on the grounds that it is an obligation of Tilney & Company, Inc., and not of the defendants herein.

(g) Claim No. 46, the claim of Chase Office Supplies, is disputed by the Receiver to the extent that it is an obligation of Tilney & Company, Inc. Of the claimed amount, ($97.31), only $80.19 appears to constitute an obligation of the defendants herein, the remaining sum being an obligation of Tilney & Company, Inc.

(h) Claim No. 86, the claim of the State Tax Commission of New York, is believed to be disputed by Frederick Tilney to the extent that it exceeds the sum of $203.20. The amount of the claim is $207.11. The Receiver is presently awaiting further evidence as to the validity of this claim, and expects to be in the position of making a recommendation as to its allowability at the time this motion is heard.

(i) Claim No. 111, the claim of Francis I. Dupont, is believed to be disputed in its entirety by Frederick Tilney. The Receiver is presently awaiting further

evidence as to the validity of this claim, and expects to be in the position of making a recommendation as to its allowability at the time this motion is heard.

(j) Claim No. 115, the claim of Franklin National Bank, is believed to be disputed in its entirety by Frederick Tilney. The Receiver is presently awaiting further evidence as to the validity of this claim, and expects to be in the position of making a recommendation as to is allowability at the time this motion is heard.

(k) Claim No. 126, the claim of the City of New York, is believed to be disputed in its entirety by Frederick Tilney. The Receiver is presently awaiting further evidence as to the validity of this claim, and expects to be in the position of making a recommendation as to its allowability at the time this motion is heard.

(l) Claim No. 127, the claim of the City of New York, is believed to be disputed by Frederick Tilney to the extent that it exceeds the amount of $45.80. The amount of the claim is $1,100.00. The Receiver is presently awaiting

further evidence as to the validity of this claim, and expects to be in the position of making a recommendation as to its allowability at the time this motion is heard.

(m) Claim No. 148, the claim of the New York State Department of Labor is believed to be disputed by Frederick Tilney to the extent that it exceeds $83.90. The amount claimed is $345.60. The Receiver is presently awaiting further evidence as to the validity of this claim, and expects to be in the position of making a recommendation as to its allowability at the time this motion is heard.

(n) Claim No. 158, the claim of the Internal Revenue Service, is believed to be disputed by Frederick Tilney to the extent that it exceeds $2,131.49. The amount claimed is $2,368.84. The Receiver is presently awaiting further evidence as to the validity of this claim, and expects to be in the position of making a recommendation as to its allowability at the time this motion is heard.

(o) Claim No. 174, the claim of Gene Lanzaro, is disputed by the Receiver to the extent that it exceeds $20,978.15.

The claimant apparently seeks the present market value of securities which were never purchased for his account. As far as the Receiver has been able to ascertain from the representative of the Securities and Exchange Commission, it is the position of that agency that customers herein are to be paid the principal amount of their claims at the paid in value.

(p) Claim No. 178, the claim of Stephen C. and Ann La Caze, is disputed by the Receiver and is believed to be disputed by Frederick Tilney to the extent that it exceeds the amount of $1.00. The amount claimed is $90.00. The claimants state that the stock was ordered March 17, 1967, and that a stock certificate, bearing the date of July 3, 1967 was delivered July 10, 1967. The value of the stock, according to the claimants, dropped from 9 1/4 per share on March 17, 1967 to 7 per share on July 3, 1967.

(q) Claim No. 180, the claim of Dorothy M. Tilney, is disputed by the Receiver on the grounds that insufficient supporting evidence has been submitted by the claimant.

(r) Claim No. 185, the claim of Richard R. and E. Ellen Sassara, is believed to be

disputed by Frederick Tilney on the grounds that the amount claimed is off-set by ancillary obligations owed to him by Mr. and Mrs. Sassara. The Receiver is presently awaiting further evidence as to the validity of this claim, and expects to be in the position of making a recommendation as to its allowability at the time this motion is heard.

Since all the parties interested in the allowability of the above claims are to receive timely notice of this motion, I respectfully submit the claims to the Court for judicial determination.

10. Annexed to this Affidavit and made a part hereof is Schedule "D", which sets forth the claim of Horst Beitter, listed as claim No. 7, which had previously been allowed in the amount of $469.29. This claim should have been submitted to the Court for approval in the amount of $496.29, but was submitted at the lesser amount due to a typographical error. I respectfully submit this claim for an additional allowance in order to correct the deficiency.

11. It is my opinion, based on information supplied by my accountants, that as of this date the assets of the Receivership are sufficient to pay one hundred per cent of all unexpunged creditors' claims as filed, exclusive of administrative costs.

WHEREFORE, it is respectfully requested that if the Court sees fit under the circumstances, it grant the motion and allow the claims not previously allowed as set forth in Schedules "A" and "B"; judicially determine the allowability of the claims set forth in Schedule "C"; approve the additional allowance as set forth in Schedule "D"; and approve a second distribution to creditors, so that all allowed claims will be paid to the extent of one hundred per cent of the approved amount.

Joseph C. Hogan

Sworn to before me this
31st day of August, 1971.

Robert F. Mullican

ROBERT F. MULLICAN
Notary Public, State of New York
No. 43-8056750
Qualified in Richmond County
Commission Expires March 30, 1972

SCHEDULE A

Undisputed Customers' Claims not previously allowed

Claim No.	Name and Address	Amount of claim
73	David Gerrish Norton 253 Post S. L. San Francisco, Calif.	$ 190.75
144	Marvin R. and Judith Edwards 4425 East 7th Street Anchorage, Alaska	669.74
160 (supersedes No. 59)	James R. and Betty Carawan P. O. Box 102 Chugiak, Alaska	4,248.29
161 (supersedes No. 72)	Charles C. and Luella Pugh 11616 N.E. Fremont Street Portland, Oregon 97720	4,647.37
162 (supersedes No. 8)	Clell L. and Mildred Prewitt 1109 West Peebly Drive Midwest City, Oklahoma 73110	5,305.55
164 (supersedes No. 69)	August L. Woeltz 3042 W. Houston Street San Antonio, Texas 78207	1,704.50
165 (supersedes No. 106)	Danny P. Swiderski 823 Fairmont Road Morgantown, West Virginia 26505	1,019.25
166 (supersedes No. 117)	Russell H. Horton A/C/F Larry Horton, a minor, 2251 East Third Drive Mesa, Arizona	311.68
167 (supersedes No. 117)	Russell H. and Verona Horton 2251 East Third Drive Mesa, Arizona	273.04
168	Ronald Van Eykeren 3407 Spenard Road Space 57 Anchorage, Alaska 99502	1,500.88
169 (supersedes No. 64)	James H. and Maria Malone 1628 Alder Drive Anchorage, Alaska	390.80
172(a) (supersedes No. 4)	Glen R. and Susan J. Talley 3104 Brookside Drive Spenard, Alaska	4,576.50(1)
172(b) (supersedes No. 4)	Glen R. Talley 3104 Brookside Drive Spenard, Alaska	11,185.00(1)

SCHEDULE A
(Continued)

Claim No.	Name and Address	Amount of claim
173	Harold V. and Beryle B. Walther 3044 Wentworth Street Anchorage, Alaska 99504	$10,284.38
175	Theodore J. Meiners Hq. Fourth U.S.Army Information Office Fort Sam Houston Texas 78234	2,440.00
177	Joseph Andreis Box 8644 Mountain View, Alaska	21.64
181	Gary William Archer 2812 1/2 Boyer East Seattle, Washington 98102 and Joan Marie Archer 74-305 Candlewood Palm Desert, California 92260	253.38
183	Perry L. Dedrick 2322 Lord Baranof Drive Anchorage, Alaska	78.29
184	Gary William Archer 2812 1/2 Boyer East Seattle, Washington 98102	195.00
	Total	$49,296.04

(1) Mr. and Mrs. Talley have filed a joint claim in the amount of $15,761.40. The records of Tilney & Company, however, indicate that only $4,576.50 is due on a joint account, and that the sum of $11,185.00 is due to Mr. Talley, individually. New claim forms have been sent to the claimants and the Receiver expects to receive them by the time this motion is heard.

SCHEDULE B

Undisputed Claims of General Creditors of Tilney & Company and Frederick Tilney, not previously allowed

Claim No.	Name and Address	Amount of claim
43	The Alaska Communication System Department of the Air Force U. S. Government 5140 Federal Office Building Seattle, Washington 98104	$10,956.07
78	Dun & Bradstreet, Inc. P. O. Box 803 Church Street Station New York, New York 10008	150.00
90	American Telephone & Telegraph Co. 400 Hamilton Avenue White Plains, New York	3,765.88
99	First National City Bank c/o Zalkin & Cohen 19 Rector Street New York, New York	10,698.49
163	Albert M. Ledesky D/B/A Bridge Auto Service 23 Ludlam Avenue Bayville, New York 11709	299.05
170 (supersedes No. 147)	Edwin L. Tatro Company 50 Broadway New York, New York	2,951.00
171	Long Island Commercial Review 60 Oak Drive Syosset, New York	2,000.00
176 (supersedes No. 112)	Miller, Montgomery, Spalding & Sogi 1 Wall Street New York, New York	2,542.43
179	Nordam Cleaning Contractors Inc. 55 West 35th Street New York, New York	120.00
182 (supersedes No. 102)	Irving Trust Company 1 Wall Street New York, New York	5,828.48
	Total	$39,311.40

SCHEDULE C

Creditors' claims disputed in whole or in part

Claim No.	Name and Address	Amount of claim	Amount Recommended by Receiver
1	Blue List Publishing Company, Inc. 345 Hudson Street New York, New York 10014	$ 370.44	None
3	A. Mirabito 132 Bayville Avenue Bayville, L.I., New York	2,270.96	(1)
6	Bartley De Buona Our Hobby Market 275 Bayville Avenue Bayville, L.I., New York	6,558.48	(1)
9	Cadwalader, Wickersham & Taft 1 Wall Street New York, New York	13,435.69	(1)
10	Louis D. Blum & Company 110 East 42nd Street New York, New York 10017	12,272.03	(1)
36	Remington Rand Office Machines Division 333 Wilson Avenue So. Norwalk, Connecticut	288.23	None
46	Chase Office Supplies 244 Front Street New York, New York 10038	97.31	80.19
84	State Tax Commission of New York Division 45 Albany, New York	207.11	(1)
111	Francis I. DuPont & Co. 1 Wall Street New York, New York	3,055.21	(1)
115	Franklin National Bank c/o Sahn, Shapiro & Epstein 350 Fifth Avenue New York, New York 10001	3,149.89	(1)
126	City of New York Department of Finance (Excise Tax Bureau) 139 Centre Street New York, New York 10013	330.00	(1)

SCHEDULE C
(Continued)

Claim No.	Name and Address	Amount of claim	Amount Recommended by Receiver
127	City of New York Department of Finance (Excise Tax Bureau) 139 Centre Street New York, New York 10013	$ 1,100.00	(1)
148	New York State Department of Labor State Campus Albany, New York 12201	345.60	(1)
158	United States Internal Revenue Service c/o F. S. Lehman, Chief Special Procedures Staff P. O. Box 2899 Church Street Station New York, New York 10008	2,368.84	(1)
174 (supersedes Nos. 159, 97, 81 and 11)	Gene Lanzaro 2115 Lelaray Apartment No. 202 Colorado Springs Colorado 80909	20,978.15 "plus present market value of securities, accumulated dividends and interest."	20,978.15(2)
178 (supersedes No. 124)	Stephen C. and Ann La Caze 1620 Marguerite Street Anniston, Alabama	90.00	1.00
180 (supersedes No. 142)	Dorothy M. Tilney Centre Island Oyster Bay, New York 11771	3,478.80	(1)
185	Richard R. and E.Ellen Sassara 2101 Stanford Dr. Anchorage, Alaska 99504	1,298.98	(1)
	Totals	$71,695.72(3)	$21,059.34

(1) The Receiver is presently unable to make any recommendation with regard to the allowability of the claim for the reasons stated in paragraph 9 of the Affidavit to which this schedule is attached.

(2) Mr. Lanzaro has repeatedly refused to make a definite statement as to the amount of his claim as of December 18, 1967. the date of the inception of the Receivership. He apparently claims the present market value of the securities he originally paid for, plus accumulated dividends and interest on the entire undetermined amount.

(3) Total does not include the additional undetermined amounts claimed by Mr. Lanzaro.

SCHEDULE D

Additional Allowance in correction
of Customer's Claim previously allowed

Claim No.	Name and Address	Amount of Additional Allowance
7	Horst Beitter 1646 Bartlett Drive Anchorage, Alaska	$ 27.00(1)
	Total	$ 27.00

(1) Additional allowance required to correct an insufficient allowance which was due to a typographical error. The sum of $27.00 when added to $469.29, the amount previously allowed, totals $496.29, the correct amount of this claim.

RECAPITULATION

Undisputed Claims

Total Schedule A	$49,296.04
Total Schedule B	39,311.40
Total Undisputed Claims	$88,607.44

Disputed Claims

Total Schedule C	$71,695.72(1)
Total Disputed Claims	$71,695.72(1)

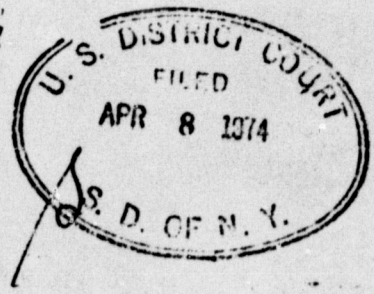
Additional Allowance

Total Schedule D	$ 27.00
Total Additional Allowance	$ 27.00

(1) Total does not include the additional undetermined amounts claimed by Mr. Lanzaro. Also, the "amount recommended by Receiver" is not included in this recapitulation.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK



SECURITIES & EXCHANGE COMMISSION,

Plaintiff,

vs.

67 Civ. 4676

TILNEY & COMPANY and FREDERICK TILNEY,

Defendants.

Before:

HON. DAVID N. EDELSTEIN,
District Judge.

New York, September 8, 1971;
10.30 o'clock a. m.

APPEARANCES:

FRANKLIN ORMSTEN, ESQ.
Securities and Exchange Commission.

WAGNER, QUILLINAN & TENNANT, ESQS.,
Attorneys for Receiver,
Robert G. Benisch, Esq. and
Robert F. Wagner, Esq., of Counsel.

JOSEPH C. HOGAN, ESQ., Receiver.

CADWALADER, WICKERSHAM & TAFT, ESQS.,
Attorneys for Defendants;
Michael A. McManus, Jr., Esq., of Counsel.

GERALD AMENT, ESQ.,
Attorney for Claimants A. Miribito and Bartley De Buona.

I. ALAN HARRIS, ESQ.,
Withdrawn Co-Receiver.

WHITNEY NORTH SEYMOUR, JR., ESQ.,
United States Attorney for the Southern District of New York;
By: David Land, Esq., Assistant United States Attorney.

ALFRED KOPPEL, ESQ.,
Attorney for Claimant Louis D. Blum & Co.

ZALKIN & COHEN, ESQ.,
Attorneys for Claimant First National City Bank;
William Linden, Esq., of Counsel.

Also Present: Mr. Frederick Tilney,
Mrs. Dorothy Tilney,
Mr. Jerry Klein,
Dr. B. Bernard Greidinger,
Mr. Lawrence Hanrahan,
Mr. Barry S. Gillman.

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to 172(a) and 172(b), corrected claims have since come in that are consistent with the amounts requested in the exhibit, $4,576.50 payable jointly to Glen R. and Susan J. Talley and $11,185 payable to Glen R. Talley. Actually what happened here is a marital situation, but Mr. Tilney was in Alaska over the weekend and we have written consent to payment as indicated in the exhibit.

THE COURT: Allowed.

MR. HOGAN: I might say that as to the other claims on page 1 of Schedule A, there is no inconsistency between the records and the claims. They are filed and approved and we ask payment of all those.

THE COURT: Allowed. They are approved.

MR. HOGAN: And the same application applies with respect to the other claims on the second page of Schedule A.

THE COURT: Approved.

MR. HOGAN: I think that is it, your Honor, on the motion.

THE COURT: Any further business, gentlemen?

Since all the claims that have been approved and have been noted as being valid are now going to be paid 100 percent with the additional 35 percent payout this Court approves, it would appear that the estate is

SOUTHERN DISTRICT COURT REPORTERS, U.S. COURTHOUSE
FOLEY SQUARE, NEW YORK, N.Y. CO 7-4580

close to being wound up and perhaps this might be an appropriate time to consider the final phase of the winding-up, with the exception of still some trivia which remains pending, to start thinking in terms of hearing and submission of fee applications, fee affidavits and the support of all fee time. What do you say?

MR. ORMSTEN: Your Honor, as you know, in the past instances on questions of fee applications the Commission's view was they were opposed to interim allowances. Certainly if your Honor has come to the conclusion of this matter and there are applications in connection with the windup of this matter we can enthusiastically support it.

THE COURT: I think we are pretty close to winding up this matter. I think we can start thinking in terms of the final phase of this. Can you give me some projection when you think we can consider this estate wound up for the purpose of the final phase which is the fee question?

MR. BENISCH: Your Honor, if I may say so, I think that the estate is in the posture of being in that position right now. That is, that I believe it would be proper to direct the submission of applications for allowances by the administrator of the estate at this time.

SOUTHERN DISTRICT COURT REPORTERS, U.S. COURTHOUSE
FOLEY SQUARE, NEW YORK, N.Y. CO 7-4580

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

TILNEY & COMPANY,
FREDERICK TILNEY,

Defendants.

67 Civ. 4676

ORDER

At New York in said District this 15 day of October, 1971.

Upon the proofs of claim of the creditors hereinafter set out in the annexed Schedule I, duly filed with the Receiver, no objection having been filed to the allowance thereof by parties in interest; and upon the proofs of claim of the creditors hereinafter set out in the annexed Schedule II, duly filed with the Receiver, and it appearing that said claims have been reduced as indicated in said schedule by stipulation of the respective claimants or their attorneys in open court, no objection having been filed to said reduced amounts by parties in interest; and upon the proofs of claim of the creditors hereinafter set out in the annexed Schedule III, duly filed with the Receiver, and it appearing that at a hearing before this Court on the 8th day of September, 1971, said claims were determined by the Court at the amounts indicated in said schedule; and upon the proofs of claim of the creditors hereinafter set out in the annexed Schedule IV, duly filed with the Receiver, and it

appearing that at a hearing before this Court on the 8th day of September, 1971, said claims were approved by the Court subject to reduction upon audit by the Receiver; and upon the proof of claim of the creditor set out in Schedule V, duly filed with the Receiver, said claim having been previously allowed by order of this Court at a reduced amount due to a typographical error in said previous order, no objection having been filed to the allowance of the full amount of the claim by parties in interest; and upon the proofs of claim of the creditors hereinafter set out in the annexed Schedule VI, duly filed with the Receiver, said claims having been previously allowed by order of this Court and a partial distribution to the extent of 65% of each said claim, as allowed, having heretofore been made pursuant to the direction of this Court; and the Receiver having made application to amend the order of this Court dated the 24th day of May, 1971, to the extent of reducing the allowed amount of Claim No. 75, the claim of Edward S. E. and Phoebe K. Newbury, also set out in Schedule VI, from $1,050.00 to $828.35, the latter amount having been paid by the claimants to Tilney & Company for the purchase of securities, and it appearing that said sum of $828.35 is the proper amount to be allowed said claimants; and it appearing that the said claims have been duly proven and should be allowed to the extent provided in the annexed schedules; and upon the oral application of the Securities and Exchange Commission made at a hearing before this Court on the 29th day of January, 1971; and upon affidavits of Franklin D. Ormsten, Esq., of the Securities and Exchange Commission, sworn to the 29th day of January, 1971, and Joseph C. Hogan, Receiver, sworn to the 30th day of April and the 31st day of August, 1971, and duly filed herein; and it appearing that the liquidated assets of the Receivership are sufficient to cover a distribution to creditors by the

Receiver to the extent of 100% of creditors' claims, as allowed, it is

ORDERED, that the claims as set forth in Schedules I, II, III and V be and the same hereby are allowed as unsecured claims in the respective sums set opposite the several names in said schedules, and it is further

ORDERED, that the Receiver is hereby authorized and directed to distribute to the respective creditors set forth in Schedules I, II, III and V the amount set opposite the several names in said schedules, and it is further

ORDERED, that the claims as set forth in Schedule IV be and the same hereby are allowed in the maximum amount indicated opposite the several names in said schedule, subject to reduction after audit by the Receiver, the Receiver being hereby authorized and directed to distribute to the respective creditors such amounts as are determined by him to be correct, the amount in each case, however, not exceeding the maximum amount referred to herein, and it is further

ORDERED, that the Receiver is hereby authorized and directed to distribute to all of the respective creditors set forth in Schedule VI, except Edward S. E. and Phoebe K. Newbury, the respective amounts indicated in said schedule representing the unpaid balance of each claim as previously allowed by order of this Court, and it is further

ORDERED, that Claim No. 75, the claim of Edward S. E. and Phoebe K. Newbury, also set forth in Schedule VI, previously allowed by order of this Court in the amount of $1,050.00, be and the same hereby is reduced to an allowed

amount of $828.35, and the Receiver is authorized and directed to pay to the aforesaid claimants the sum of $145.85, said sum representing the difference between the amount previously paid to said claimants by the Receiver and the reduced amount of said claim as hereby allowed.

Dated: New York, New York
October 15, 1971.

U. S. D. J.

SCHEDULE I

Undisputed Claims
Not Previously Allowed

Customers of
Tilney & Company

	Name and Address	Amount of Claim as Allowed and to be Distributed
73	David Gerrish Norton 253 Post S. L. San Francisco, Calif.	$ 190.75
144	Marvin R. and Judith Edwards 4425 East 7th Street Anchorage, Alaska	669.74
160	James R. and Betty Carawan P. O. Box 102 Chugiak, Alaska	4,248.29
162	Clell L. and Mildred Prewitt 1109 West Peebly Drive Midwest City, Oklahoma 73110	5,305.55
164	August L. Woeltz 3042 W. Houston Street San Antonio, Texas 78207	1,704.50
166	Russell H. Horton A/C/F Larry Horton, a minor, 2251 East Third Drive Mesa, Arizona	311.68
167	Russell H. and Verona Horton 2251 East Third Drive Mesa, Arizona	273.04
168	Ronald Van Eykeren 3407 Spenard Road Space 57 Anchorage, Alaska 99502	1,500.88
169	James H. and Maria Malone 1628 Alder Drive Anchorage, Alaska	390.80
172 (a)	Glen R. and Susan J. Talley 3104 Brookside Drive Spenard, Alaska	4,576.50

SCHEDULE I
(Continued)

	Name and Address	Amount of Claim as Allowed and to be Distributed
172 (b)	Glen R. Talley 3104 Brookside Drive Spenard, Alaska	$11,185.00
173	Harold V. and Beryle B. Walther 3044 Wentworth Street Anchorage, Alaska 99504	10,284.38
175	Theodore J. Meiners Hq. Fourth U. S. Army Information Office Fort Sam Houston, Texas 78234	2,440.00
177	Joseph Andreis Box 8644 Mountain View, Alaska	21.64
181	Gary William Archer 2812½ Boyer East Seattle, Washington 98102 and Joan Marie Archer 74-305 Candlewood Palm Desert, California 92260	253.38
183	Perry L. Dedrick 2322 Lord Baranof Drive Anchorage, Alaska	78.29
184	Gary William Archer 2812½ Boyer East Seattle, Washington 98102	195.00
185	Richard R. and E. Ellen Sassara 2101 Stanford Dr. Anchorage, Alaska 99504	1,298.98
188	H. Russell Pace 2201 Tuder Road Anchorage, Alaska	116.00
	Total	$45,044.40

General Creditors
of Tilney & Company
and Frederick Tilney

43	The Alaska Communication System Department of the Air Force U. S. Government 5140 Federal Office Building Seattle, Washington 98104	10,956.07

SCHEDULE I
(Continued)

	Name and Address	Amount of Claim as Allowed and to be Distributed
78	Dunn & Bradstreet, Inc. P. O. Box 803 Church Street Station New York, New York 10008	$ 150.00
90	American Telephone & Telegraph Co. 400 Hamilton Avenue White Plains, New York	3,765.88
99	First National City Bank c/o Zalkin & Cohen 19 Rector Street New York, New York	10,698.49
163	Albert M. Ledesky D/B/A Bridge Auto Service 23 Ludlam Avenue Bayville, New York 11709	299.05
171	Long Island Commerical Review 60 Oak Drive Syosset, New York	2,000.00
176	Miller, Montgomery, Spalding & Sogi 1 Wall Street New York, New York	2,542.43
179	Nordam Cleaning Contractors Inc. 55 West 35th Street New York, New York	120.00
182	Irving Trust Company 1 Wall Street New York, New York	5,828.48
	Total	$36,360.40
	Total claims of customers of Tilney & Company	45,044.40
	Total claims of general creditors of Tilney & Company and Frederick Tilney	36,360.40
	Total Schedule I	$81,404.80

SCHEDULE II

Claims Not Previously Allowed, as Reduced by Stipulation in Open Court (All Being General Creditors of Tilney & Company and Frederick Tilney).

	Name and Address	Amount of Claim as Filed	Amount of Claim as Allowed and to be Distributed
3	A. Mirabito 132 Bayville Avenue Bayville, L.I., New York	$ 2,270.96	$ 2,000.00
6	Bartley De Buona Our Hobby Market 275 Bayville Avenue Bayville, L.I., New York	6,558.48	5,000.00
9	Cadwalader, Wickersham & Taft 1 Wall Street New York, New York	13,435.69	11,000.00
10	Louis D. Blum & Company 110 East 42nd Street New York, New York 10017	12,272.03	10,000.00
115	Franklin National Bank c/o Sahn, Shapiro & Epstein 350 Fifth Avenue New York, New York 10001	3,149.89	2,949.89
126	City of New York Department of Finance (Excise Tax Bureau) 139 Centre Street New York, New York 10013	330.00	- 0 -
127	City of New York Department of Finance (Excise Tax Bureau) 139 Centre Street New York, New York 10013	1,100.00	337.28
	Total Schedule II	$39,117.05	$31,287.17

~~Schedule III~~

Claims Not Previously Allowed, as Fixed by the Court at Hearing of September 8, 1971.

Customers of Tilney & Company

	Name and Address	Amount of Claim as Filed	Amount of Claim as Allowed and to be Distributed
161	Charles C. and Luella Pugh 11616 N.E. Fremont St. Portland, Oregon 97720	$ 4,647.37	$ 4,615.37
165	Danny P. Swiderski 823 Fairmont Road Morgantown, West Virginia 26505	1,019.25	989.25
174	Gene Lanzaro 2115 Lelaray Apartment No. 202 Colorado Springs, Colorado 80909	20,978.15 (1)	20,679.15
178	Stephen C. and Ann LaCaze 1620 Marguerite St. Anniston, Alabama	90.00	1.00
	Total	$26,734.77 (1)	$26,284.77

General Creditors of Tilney & Company and Frederick Tilney

1	Blue List Publishing Company, Inc. 345 Hudson St. New York, New York 10014	370.44	370.44
36	Remington Rand Office Machines Division 333 Wilson Ave. So. Norwalk, Connecticut	288.23	288.23

	Name and Address	Amount of Claim as Filed	Amount of Claim as Allowed and to be Distributed
46	Chase Office Supplies 244 Front St. New York, New York 10038	$ 97.31	$ 97.31
84	State Tax Commission of New York Division 45 Albany, New York	207.11	207.11
158	United States Internal Revenue Service c/o F. S. Lehman, Chief Special Procedures Staff P. O. Box 2899 Church Street Station New York, New York 10008	2,368.84	2,368.84
	Total	$ 3,331.93	$ 3,331.93
	Total claims of customers of Tilney & Company	26,734.77(1)	26,284.77
	Total claims of general creditors of Tilney & Company and Frederick Tilney	3,331.93	3,331.93
	Total Schedule III	$30,066.70(1)	$29,616.70

(1) Lanzaro Claimed $20,978.15 "plus present market value of securities, accumulated dividends and interest".

SCHEDULE IV

Maximum Amount of Certain Claims Not Previously Allowed, as Allowed by the Court at Hearing of September 8, 1971.

	Name and Address	Amount of Claim as Filed	Maximum Amount of Claim Allowed
170	Edwin L. Tatro Company 50 Broadway New York, New York	$2,951.00	$2,951.00
148	New York State Department of Labor State Campus Albany, New York 12201	345.60	345.60
180	Dorothy M. Tilney Centre Island Oyster Bay, New York 11771	3,478.80	3,478.80
	Total Schedule IV	$6,775.40	$6,775.40

SCHEDULE V

Additional Allowance
in Correction of
Customer's Claim
Previously Allowed.

	Name and Address	Amount of Claim as Allowed and to be Distributed
7	Horst Beitter 1646 Bartlett Drive Anchorage, Alaska	$27.00
	Total Schedule V	$27.00

SCHEDULE VI

Claims Previously Allowed

Customers' Claims

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
5	Jose M. Romano 1451 Richardson Vista Rd. Anchorage, Alaska	$ 652.50	$ 424.13	$ 228.37
7	Horst Beitter 1646 Bartlett Drive Anchorage, Alaska	469.29	305.04	164.25 (1)
12	Rachel V. Robertson Box 520, Apt. 385 Anchorage, Alaska 99501	668.94	434.81	234.13
13	Frances K. and Alfred B. Roney Route 5 Laurel, Mississippi 39440	820.00	533.00	287.00
17	Walter L. Clark CMR #2, Box 3002 Elmendorf, AFB, Alaska	102.40	66.56	35.84
19	Albert Edward Bennett A/C/F Michael Bennett, Minor 1091 26th Avenue Anchorage, Alaska 99503	1,100.01	715.01	385.00
20	Albert Edward and Murray Evelyn Bennett 1091 26th Avenue Anchorage, Alaska 99503	1,132.00	735.80	396.20
21	Frank R. and Marie J. Foley Box 66 Mill City, Oregon	2,066.75	1,343.39	723.36
22	George G. Brooks 5437 Ketchikan Street El Paso, Texas	1,230.85	800.05	430.80
24	Thomas K. Marshall, Jr. 1567 Birchwood Street Anchorage, Alaska	2,531.25	1,645.31	885.94
25	Kenneth Fox 721 E. 21st Street San Bernardino, California	1,687.25	1,096.71	590.54

SCHEDULE VI
(Continued)

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
28	Faye E. and Nancy Troy 433-A Seventh Street Fort Richardson, Alaska 99505	$ 504.00	$ 327.60	$ 176.40
29	Charles and Lucille Hardenbrook 14015 15th Ave., N.E. Seattle, Washington	2,587.50	1,681.88	905.62
31	Norris H. and Orlean L. Nelson 1136 11th Avenue Anchorage, Alaska	375.00	243.75	131.25
33	Allan W. Alvin 4800 Cambridge Way Spenard, Alaska	1,994.88	1,296.67	698.21
37	Ralph P. De Vilbiss Star Rt., Box L 1150 Palmer, Alaska	3,780.25	2,457.16	1,323.09
38	James M. and Kathleen P. Balistreri c/o Struthers & Crew Southland Professional Bldg. Hayward, California	817.13	531.12	286.01
39	Clement Eugene and Joanne Mary Gill R. R. 3 Wyoming, Illinois	891.38	579.40	311.98
40	John K. Bishop Box 6514 Annex Anchorage, Alaska 99502	1,154.10	750.16	403.94
41	James J. Goodfellow 206 Bunnell Street Anchorage, Alaska 99504	461.00	299.65	161.35
42	Palmer Peterson 1000 E. 10th Street Anchorage, Alaska Mailing Address: Box 4-2133 Spensud, Alaska 99503	190.00	123.50	66.50
44	Charles W. Boohar, Jr. 1287C Spencer Avenue Lancaster, Pennsylvania	1,532.00	995.80	536.20

Schedule VI
(Continued)

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
45	Kenneth and Ruth E. Rountree 116 E. Manor Avenue Anchorage, Alaska	$ 1,267.75	$ 824.04	$ 443.71
47	William H. and Kathleen C. Radentz 9222 N. Dixie Hwy. Radcliff, Kentucky	3,281.94	2,133.26	1,148.68
48	Jean M. Rietze 5901 E. 6th Sp. 51 Anchorage, Alaska 99504	3,954.75	2,570.59	1,384.16
49	Daniel W. Rietze 5901 E. 6th Sp. 51 Anchorage, Alaska 99504	3,521.15	2,288.75	1,232.40
50	Gerald E. and Jacqueline N. Watkins 3623 Norma Drive Garland, Texas 75040	1,010.50	656.82	353.68
52	Harry Schiwy 434 E. 10th Ave., Apt. 2 Anchorage, Alaska 99501	1,133.00	736.45	396.55
53	Joseph P. and Cynthia L. Steiner 5837 Colfax South Minneapolis, Minnesota 55419	905.50	588.57	316.93
54	Roland and Ellen Willequer 128 Cascade Drive Belleville, Illinois	900.00	585.00	315.00
55	Mr. Jerry L. Winn 325 L Street Anchorage, Alaska 99501	6,001.50	3,900.97	2,100.53
56	John M. and Carol N. Banta Route 5, Bluff Mountain Sevierville, Tenn. 37862	1,972.88	1,282.37	690.51
57	Merle E. Williams 2060 20th St., N. W. Cedar Rapids, Iowa 52405	1,341.25	871.81	469.44
58	Laurence Saunders Rhodes Apt. #11 336 East Third Street Juneau, Alaska 99801	1,550.69	1,007.95	542.74

SCHEDULE VI
(Continued)

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
60	William G. and Bobbi M. Hubbard P. O. Box 4-2015 Anchorage, Alaska	$ 4,010.25	$ 2,606.66	$ 1,403.59
61	William C. and Ida M. Weimer 30-395A Cherry Drive APO Seattle 98742	574.75	373.59	201.16
62	Elmer E. and Sharon S. Potter 1555 Ursa Court Merritt Island, Florida 32952	1,161.13	754.73	406.40
63	Agnes M. Palik 3744 Peterkin Street Anchorage, Alaska	473.25	307.61	165.64
65	John Xethers c/o Universal Services Box 238 Amenitka, Alaska 99541	2,548.75	1,656.69	892.06
67	Edward E. and Joanna M. Hollier Box 366 Kenai, Alaska	2,642.00	1,717.30	924.70
68	Vitalis and Waltraud Svazas 49 Foster Circle Fort Rucker, Alabama 36360	1,048.16	681.30	366.86
74	Edward O. and Ellen K. Beyers 167B Seven Trails Drive St. Louis, Missouri 63124	569.50	370.17	199.33
75	Edward S. E. and Phoebe K. Newbury 5-510 H St., Apt. B Elmendorf AFB, Anchorage, Alaska	1,050.00	682.50	145.85 (2)
76	Billy S. Rimes A/C/F Angela 712 Bonaventure Road Savannah, Georgia	912.50	593.12	319.38
77	Billy S. and Jeannette N. Rimes 712 Bonaventure Road Savannah, Georgia	425.25	276.41	148.84

S:1

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
79	Earl E. and Eva B. Allen 8 Alexander Drive Hampton, Virginia 23364	$ 1,190.67	$ 773.94	$ 416.73
80	Laverne D. and Thelma L. Buller 425 Kenny Drive Anchorage, Alaska	206.25	134.06	72.19
82	Andrew H. Eker 7143 De Barr Road Anchorage, Alaska	638.25	414.86	223.39
85	Ralph D. Clukey Maplecrest Apts., Rte. 102 Chepachet, Rhode Island	747.00	485.55	261.45
86	Barbara Jean Putnam P. O. Box 2424 Anchorage, Alaska	112.50	73.12	39.38
87	Clarence L. Jeffers 2001 Lake Otis Park Anchorage, Alaska	17,674.00	11,488.10	6,185.90
89	L. S. Kurtz, Jr. 1558 "E" St. Anchorage, Alaska 99501	713.50	463.77	249.73
91	Royce Harvey and Ann Elizabeth Morgan 2203 Lord Baranof Drive Anchorage, Alaska	1,001.66	651.08	350.58
92	Royce Harvey and Ann Elizabeth Morgan 2203 Lord Baranof Drive Anchorage, Alaska	985.93	640.85	345.08
93	Ann E. Morgan A/C/F Royce Townley Morgan, Minor 2203 Lord Baranof Drive Anchorage, Alaska	308.33	200.41	107.92
94	Ann E. Morgan A/C/F Philip Harvey Morgan, Minor 2203 Lord Baranof Drive Anchorage, Alaska	308.33	200.41	107.92

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
95	Royce Harvey Morgan A/C/F Peggy Ann Morgan, Minor 2203 Lord Baranof Drive Anchorage, Alaska	$ 308.33	$ 200.41	$ 107.92
96	Royce Harvey Morgan A/C/F Mary Ann Morgan, Minor 2203 Lord Baranof Drive Anchorage, Alaska	308.33	200.41	107.92
98	Francis H. and Fidelis F. Grant 3307 Woodland Drive Anchorage, Alaska 99503	1,985.26	1,290.42	694.84
101	Tommy L. Dome 1611 Turpin Street Anchorage, Alaska 99504	113.00	73.45	39.55
103	Alfred G. and Patricia Gronnestad 2771 Rollingsdale Lane Dallas, Texas	583.75	379.44	204.31
104	Donald A. Nash P. O. Box 4-1912 Anchorage, Alaska 99503	1,398.75	909.19	489.56
105	Diane H. Nash P. O. Box 4-1912 Anchorage, Alaska 99503	2,765.00	1,797.25	967.75
108	Jerry L. and Sylvia W. Coleman 4217 Torino Ct. Indianapolis, Indiana	494.63	321.51	173.12
113	Franklin E. Campbell 1076 Forrester Way Eugene, Oregon	623.30	405.14	218.16
119	T. W. and Jeri S. Mortensen 525 100 N. E. Bellevue, Washington	962.50	625.62	336.88
121	Billy J. and Phillis Walters 2308 Birch Street Blytheville, Arkansas 72315	148.25	96.36	51.89
122	Richard Maytum 4424 East 8th Ave. Anchorage, Alaska	354.00	230.10	123.90

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
125	Draga and Robert D. Caffrey 2926 Wentworth Anchorage, Alaska	$ 1,008.25	$ 655.36	$ 352.89
146	Walter L. Teeuwen CMR #1, Box 1858 APO Seattle, Washington 98742	456.25	296.56	159.69
152	Emmet and Gwendolyn Roetman 519 Lynnewood Drive Anchorage, Alaska 99502	1,007.15	654.65	352.50
153	Emmet Roetman A/C/F Kristin 519 Lynnewood Drive Anchorage, Alaska 99502	200.06	130.04	70.02
154	Emmet Roetman A/C/F Russell 519 Lynnewood Drive Anchorage, Alaska 99502	200.06	130.04	70.02
157	Kenneth Lauster 10816 Saratoga Circle Sun City, Arizona 85351	3.00	1.95	1.05
	Total Customers' Claims	$105,811.22	$68,777.21	$36,812.36

(1) The amount claimed by Horst Beitter was actually $496.29. Due to a typographical error, this was allowed at $469.29. An additional allowance eliminating the difference is set forth in Schedule V.

(2) Reduced upon application of the Receiver to $828.35.

SCHEDULE VI
(Continued)

General Claims,
Frederick Tilney
Previously Allowed

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
15	Incorporated Village of Centre Island Oyster Bay, New York	$ 93.17	$ 60.56	$ 32.61
16	Frank Giandalone - Highland Farms 778 Yonkers Ave. Yonkers, New York	279.57	181.72	97.85
26	Hall & Casey National Bank Bldg. Oyster Bay, New York 11771	670.00	435.50	234.50
27	Lewis Oil Co. Inc. 65 Shore Rd. Port Washington, New York 11050	1,129.98	734.49	395.49
70	Hotine Bros. Inc. 1 - First Ave. Bayville, New York 11709	327.42	212.82	114.60
71	No. Shore Laundries, Inc. D/B/A Superior Hand Laundry 300 Audrey Ave. Oyster Bay, New York	70.64	45.92	24.72
83	David R. Strecker Bayville Hardware 16 Ludlam Ave. Bayville, New York	126.97	82.53	44.44
100	Irene Hayes, Wadley & Smythe, Inc. 420 Park Ave. New York, New York	81.55	53.01	28.54
118	Joseph Parente Village Cleaners 290 Bayville Ave. Bayville, New York	411.85	267.70	144.15
129	Arnold Bauman, Guardian ad litem of Dorothy C. Tilney 45 Rockefeller Plaza New York, New York	6,231.00	4,050.15	2,180.85

SCHEDULE VI
(Continued)

Claim No.	Name and Address	Amount Previously Allowed	Amount Previously Distributed	Amount To Be Distributed
145	Park East Fish Market Inc. 38 Daniel Glen Cove, New York	$ 77.50	$ 50.37	$ 27.13
150	E. B. Meyrowitz, Inc. 520 Fifth Avenue New York, New York 10036	107.50	69.87	37.63
151	Arthur W. Pearce, Jr. St. Anthony Club 16 East 64th Street New York, New York 10021	94.50	61.42	33.08
155	Dr. James L. Boyd Beaver Drive Locust Valley, New York	80.00	52.00	28.00
156	Coombs & Oliver Inc. 39 McCouns Lane Oyster Bay, New York 11771	109.32	71.06	38.26
	Total General Claims, Frederick Tilney Previously Allowed	$ 9,890.97	$ 6,429.12	$ 3,461.85
	Total Customers' Claims Previously Allowed	$105,811.22	$68,777.21	$36,812.36
	Total General Claims, Frederick Tilney Previously Allowed	9,890.97	6,429.12	3,461.85
	Total Schedule VI	$115,702.19	$75,206.33	$40,274.21

RECAPITULATION

Schedule Number	Amounts to be Distributed
I	$ 81,404.80
II	31,287.17
III	29,616.70
IV	(1)
V	27.00
VI	40,274.21
Total	$182,609.88
Add:	
Maximum amount of distribution possible under Schedule IV	6,775.40 (1)
Total maximum distribution possible	$189,385.28

(1) Claims in Schedule IV are allowed at maximum amounts subject to reduction on audit by the Receiver.

HERTZ, HERSON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

TWO PARK AVENUE
NEW YORK, NEW YORK

OFFICES
BOSTON, MASS.
CHARLOTTE, N. C.
NEW YORK, N. Y.

January 28, 1972

Joseph C. Hogan, Receiver For
Tilney & Company and Frederick Tilney
New York, N. Y.

Dear Sir:

In accordance with your request, we have prepared the attached financial report of Tilney & Company (a partnership) and Frederick Tilney (an individual) in receivership by order of the United States District Court, Southern District of New York, for the year ended October 31, 1971, which consists of the following:

Exhibit A - Statement of Assets and Liabilities Subject to Realization and Liquidation at October 31, 1971.

B - Summary of Cash Receipts and Disbursements For The Year Ended October 31, 1971.

C - Summary of Changes In Financial Position For The Year Ended October 31, 1971.

Supporting Schedules:

A-1 - Investments in Certificates of Deposits and U.S. Treasury Bonds.

A-2 - Securities.

A-3 - Cash Value of Life Insurance.

A-4 - Schedule of Liabilities to Security Business Customers.

A-5 - Accounts Payable Trade - No Claims Filed.

B-1 - Operating and Receivership Expenses.

B-2 - Sales of Securities.

B-3 - Dividends and Interest Received.

Notes to Financial Statements.

Our examination included a review of the Receiver's books and records, but did not include verification of certain securities which are not controlled or in the possession of the Receiver. Asset valuations contained in the financial statement were furnished and/or estimated by the Receiver, as a basis for presentation of the fair and realizable amounts which might result from sale and liquidation. In addition, as stated in Note 4 to financial statements, various fees and expenses incurred during the receivership have not yet been determined. In the circumstances, we are precluded from expressing an opinion on the financial statements as a whole.

This special purpose report is intended for use solely by the Receiver and other interested parties to the proceedings in formulating appropriate guidelines for the ultimate realization and liquidation of the receivership.

Very truly yours,

Hertz, Herson & Company

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

STATEMENT OF ASSETS AND LIABILITIES SUBJECT TO
REALIZATION AND LIQUIDATION (NOTE 1)
OCTOBER 31, 1971

Assets	Total	Tilney & Company	Frederick Tilney
Current Assets:			
Cash	$ 10,465	$ 10,465	$ -
Certificates of deposit, at cost (Schedule 1)	40,000	40,000	-
Investments in U.S. Government bonds, at cost, which approximates market value ($75,000 maturity value) (Schedule 1)	71,784	71,784	-
Securities (valued at estimated conservative liquidating values - Note 1) (Schedule 2)	1,536	1,536	-
Receivable on judgment claim against Governmental Statistical Corporation (Note 2)	35,062	35,062	-
Transfers and advances during receivership	-	13,991	(13,991)
	158,847	172,838	(13,991)
Real Estate:			
Residential property, Centre Island, N.Y., and certain adjacent lots (valued at estimated liquidating value)	152,000	-	152,000
Unimproved property, East Norwich, N.Y. (less mortgage held by Marine Midland Tinker National Bank) (Note 6)	-	-	-
Land and building, Hicksville, N.Y., at cost	38,466	38,466	-
	190,466	38,466	152,000
Assets Subject to Claims, Liens and Offsets:			
Cash and securities held by Long Island National Bank under collateral loan agreement to loan of Governmental Statistical Corporation (contra) (Note 5) (Schedule 2)	60,755	60,755	-
Claim for interest receivable of $1,955, due 1/1/69, on investment in City Commerce Corporation debentures, less amount offset for alleged indebtedness - subject to determination	-	-	-
	60,755	60,755	-
Cash Value of Life Insurance, Less Loan Principal and Interest (Schedule 3)	26,686	9,523	17,163
Other Assets Not Presently Valued (Notes 1 and 2):			
Various assets not valued since amounts realizable are subject to recovery - principally sums due from affiliated companies (in excess of $650,000), fixed assets and miscellaneous receivables	-	-	-
Total Assets Presently Valued	$436,754	$281,582	$155,172

See accompanying notes to financial statements and letter of transmittal

STATEMENT OF ASSETS AND LIABILITIES SUBJECT TO REALIZATION AND LIQUIDATION (NOTE 1)
OCTOBER 31, 1971

Liabilities	Proofs of Claim (as of 1/13/72 less payments to creditors)	Total	Tilney & Company	Frederick Tilney
Receivership Administration and Preferred Creditors:				
Administration fees and expenses - subject to determination (Note 4)	$ -	$ -	$ -	$ -
Commercial rent tax during receivership....	-	77	77	-
	-	77	77	-
Secured Creditors:				
Mortgage on residential property - Equitable Life Assurance Society of the U.S.	-	21,297	-	21,297
Unsecured Creditors (Note 8):				
Due to Banks -				
First National City Bank -Overdraft balance ...	10,698(1)	10,698	10,698	-
Due to Security Broker-Dealers -				
Francis I. duPont & Co.	3,055(2)	3,105(2)	3,105	-
Edwin L. Tatro Company	2,925(1)	2,925	2,925	-
Customer accounts - under review (Schedule 4)...	112	112	112	-
Customer accounts - no claim filed (Schedule 4)	-	133	133	-
Dividends payable to customers - omitted in proofs of claim.....	-	1,105	1,105	--
Accounts payable trade - no claim filed (Schedule 5).....	-	1,762	1,762	-
Due Dorothy Tilney (wife)	3,002(1)	3,002	38	2,964
Interest payable (Note 7)	-	-	-	-
	19,792	22,842	19,878	2,964

Liabilities	Proofs of Claim (as of 1/13/72 less payments to creditors)	Total	Tilney & Company	Frederick Tilney
Contingent Liabilities: Guarantee and collateral pledged under loan of Long Island National Bank to Governmental Statistical Corporation $62,000 principal plus accrued interest approximating $5,000 (contra) (Note 6)	-	60,755	60,755	-
Income taxes - subject to determination on audit	-	-	-	-
Obligation under mortgage liability to Marine Midland Tinker National Bank - East Norwich, N.Y. property (Note 7)	-	-	-	-
	-	60,755	60,755	-
Total Liabilities.....	$19,792	104,971	80,710	24,261
Tentative Excess of Assets Presently Valued Over Liabilities , (Which Exclude Undetermined Administration Costs)		331,783	200,872	130,911
Total Liabilities and Tentative Excess of Assets		$436,754	$281,582	$155,172

(1) Claims approved and paid subsequent to October 31, 1971.

(2) Tentative agreement to settle for 50% of claimed amount($1,527.62), subject to approval by the Court.

See accompanying notes to financial statements and letter of transmittal.

EXHIBIT B

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED OCTOBER 31, 1971

	Total	Tilney & Company	Frederick Tilney
Cash - October 31, 1970	$ 6,179		
Cash Receipts:			
Proceeds from sale of securities (Schedule B-2) -			
50 shares Matanuska Valley Bank	948	$ -	$ 948
947.8 shares Matanuska Valley Bank	17,973	17,973	-
$55,844 City Commerce Corporation, 7% debentures, sold flat	41,883	41,883	-
2107 shares Alaska Bancshares, Inc.	1,211	1,211	-
Dividend and interest received (includes sales of fractional shares Matanuska Valley Bank (Schedule B-3)	30,630	30,630	-
Redemption of certificates of deposit	185,000	185,000	-
Redemption of U.S. Government obligations	318,393	318,393	-
Proceeds from sale of Alaska real estate, as adjusted for closing costs	26,762	26,762	-
Gross dividends received from National Bank of Alaska on Central Alaska Utilities, Inc., before reduction of offset for Frederick Tilney loan principal $1,000.00 and accrued interest thereon 1/31/68 to 1/22/71 at 8% per annum - $241.51 (see cash disbursements)	3,450	-	3,450
	626,250	$621,852	$ 4,398
Cash Disbursements:			
Purchase - certificates of deposit	215,000	215,000	-
Purchase - U.S. Treasury bills ($100M)	99,461	99,461	-
Payments on creditor claims	228,030	228,030	-
Payment to Dorothy Tilney (daughter)	6,231	6,231	-
Purchase Hicksville property on foreclosure sale	38,466	38,466	-
Payment of National Bank of Alaska ($1,000) loan and interest thereon (see cash receipts)	1,242	-	1,242
Payments on creditor claims	13,202	-	13,202
Operating and receivership expenses (Schedule B-1)	20,332	4,861	15,471
	621,964	$592,049	$ 29,915
Cash - October 31, 1971	$ 10,465		

See accompanying notes to financial statements and letter of transmittal.

SUMMARY OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED OCTOBER 31, 1971

Notes to Appendix:

Exhibit C, pages 1 and 2, reflects the change in valuation of assets or reduction in liabilities which occurred during the year ending October 31, 1971. The exhibit is too voluminous to include in this appendix in all detail but the total figures reported by the accountants are set forth below.

In summary, the statement sets forth the major changes in valuation including elimination of liabilities which occurred during the year and depicts an increase of assets over liabilities from $270,927 to $331,783, an increment of $60,856. The increment in Exhibit C was divided between Tilney & Company and Frederick Tilney, the excess of assets over liabilities before administrative costs being established at $200,872 for Tilney & Company and $130,911 for Frederick Tilney.

	Total
Cash Receipts (Exhibit B)	$626,250
Cash Disbursements (Exhibit B)	(621,964)
Non-Cash Transactions and Adjustments:	
Increase in cash value of life insurance, less applicable loans.	3,439
Increase in recorded value of securities held by Long Island National Bank under claim against Governmental Statistical Corporation and contra increase in contingent liability to bank	-
Book value at October 31, 1970 of securities sold during current year (Schedule B-2)	(60,841)
Unrealized depreciation in recorded value of securities on hand at October 31, 1971	(20,753)
Recorded value at October 31, 1971 of stock dividend received during year - Matanuska Valley Bank	1,476
Net increase in certificates of deposit acquired by purchase during the year	30,000
Net decrease in U.S. Treasury obligations sold or matured during the year - at cost	(218,932)
Adjustment of interest receivable subject to offset by creditor - City Commerce Corporation debentures	(1,955)
Decrease in receivable from broker - collected in current year	(1,211)
Purchase of real estate of Governmental Statistical Corporation on forced sale under judgment - Hicksville, N.Y.	38,466
Proceeds receivable on sheriff's forced sale of Hicksville, L.I. property, owned by Governmental Statistical Corporation, bought in by Receiver	35,062
Decrease in receivable - sale of real property - Anchorage, Alaska - collected in current year	(26,598)

EXHIBIT C
(continued)

Non-Cash Transactions and Adjustments (cont'd.):

	Total
Amortization of mortgage principal	$ 2,515
Note payable and accrued interest to National Bank of Alaska offset by cash dividend received by bank on Central Alaska Utilities, Inc. stock	1,200
Decrease in liability accounts pursuant to payments approved under court order -	
Taxes	3,259
Note and interest payable to Franklin National Bank	2,950
Customer accounts	176,946
Customer account - Dorothy C. Tilney (daughter)	6,231
Accounts payable - trade	44,875
Accounts payable - personal expenses	13,202
Equity arising from court approvals of customer claims in amounts less than book values (includes $15,720 applicable to reduction of liabilities from market value, as stated in the accounts, to original cost)	21,718
Equity arising from net write-down of liabilities from book values to court approved amounts	7,921
Equity arising from forgiveness of indebtedness - creditors not wishing to file claims	19
Adjustment of interest to Franklin National Bank	200
Provision for N.Y.C. commercial rent and occupancy tax	(77)
Record liability to Edwin L. Tatro Company, previously unrecorded	(2,925)
Record customer account liability, previously unrecorded (C. & L. Hardenbrook)	(491)
Accounts payable - liabilities previously unrecorded (Dun & Bradstreet $150, Irving Trust Co. - rent $323)	(473)
Due to Dorothy Tilney (wife) - claim approved for liabilities paid or assigned to her	(3,002)
Adjustment to reflect expunged claims of Tilney children	4,349
Increment in Net Assets During the Current Year	60,856
Excess of Assets Valued Over Liabilities at October 31, 1970 (Before Administrative Costs)	270,927
Excess of Assets Valued Over Liabilities at October 31, 1971 (Before Administrative Costs)	$331,783

See accompanying notes to financial statements and letter of transmittal.

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Notes to Appendix: The following columns were deleted in the above tabulation: Cash; other assets increase or decrease; liabilities increase or decrease; relation of Tilney & Company and Frederick Tilney to the various accounts.

EXHIBIT A
SCHEDULE 1

SUMMARY OF INVESTMENTS, OCTOBER 31, 1971

	Maturity Date	Interest Rate	Cost
CERTIFICATES OF DEPOSIT:			
Manufacturers Hanover Trust Company,			
#27565	12/28/71	5%	$15,000
27555	2/7/72	5%	5,000
27558	2/28/72	5%	20,000
			$40,000
U.S. TREASURY BONDS			
Maturity Value			
$50,000	11/15/75	7%	$48,578
20,000	5/15/74	4-1/4%	18,557
5,000	5/15/74	4-1/4%	4,649
$75,000			$71,784

EXHIBIT A
SCHEDULE 2

SCHEDULE OF SECURITIES (1)
OCTOBER 31, 1971

Number of Shares or Face Amount	Description	Tilney & Company(1)
Securities on Hand		
6,509	Central Alaska Utilities, Inc. (formerly Spenard Utilities)	$ -
25	Life Insurance Securities Corporation	-
10	Alaska Airlines (4)	60
41	Matanuska Valley Bank (5)	1,476
380	Long Island Commercial Review	-
200	Lithium Corp. Canada (held by Francis I. DuPont & Co. - worthless	-
		$ 1,536
Securities, Cash and Notes Held by Long Island National Bank(2)		
Securities and Notes:		
$95,000	Alaska State Development Corp. - 4%-8/1/73 (payable to Governmental Statistical Corporation) (subject to verification)	-
$59,000	Governmental Statistical Corporation notes (to Tilney & Co.)	-

Securities, Cash and Notes Held by Long Island National Bank (cont'd)

Securities and Notes: (Continued)

Number of Shares or Face Amount	Description	Tilney & Company
756	Matanuska Valley Bank (6) (registered in name of Tilney & Co.).....	27,216
640	Matanuska Valley Bank (3) (6)(registered in name of Frederick and Dorothy Tilney).....	-
$19,000	Commercial Review, Inc., 4% Notes Receivable (3) (registered in name of Frederick Tilney.....	-
130	Bank of Suffolk County (3) (registered in name of Frederick Tilney).....	-
31	National Bank of Alaska (3) (registered in name of Dorothy Tilney).....	-
		27,216
Cash		33,539
See following page for footnotes. 7 TOTAL.....		$60,755

(1) Security valuations stated were furnished by the Receiver at conservative estimated liquidating values and exclude values applicable to securities claimed by others. Values for certain securities were unavailable.

(2) Securities and notes are held under collateral loan agreement to loan of Governmental Statistical Corporation in the principal amount of $62,000, plus accrued interest. The bank also holds cash of Tilney & Company in the amount of $33,539.29.

(3) No values assigned by Received as securities are subject to claim to ownership by Dorothy Tilney.

(4) Not registered in name of the receivership estate.

(5) Represent 5% stock dividend received (apparently related to part of shares held by Long Island National Bank) - ownership to approximately 3 shares may be claimed by Dorothy Tilney. Shares received on dividend distribution are subject to verification.

(6) Long Island National Bank did not confirm receipt of 5% stock dividend (see item 5).

(7) Excludes 200 shares Lithium Corp. Canada held by Francis L. DuPont & Co., which are worthless.

EXHIBIT A
SCHEDULE 3

SCHEDULE OF LIFE INSURANCE POLICY VALUES
OCTOBER 31, 1971

Insurance Company	Policy No.	Life Covered	Owner of Policy	Beneficiary
The Equitable Life Assurance Society of the United States	62 314 638	Frederick Tilney	Receivers(1)	Dorothy M. Tilney
Aetna Life and Casualty Co.	P 814 654	Frederick Tilney	Frederick Tilney	Charles M. Fanoni (2)
New England Mutual Life Insurance Company	2 214 918	Dorothy McCabe Tilney	Tilney & Company	Tilney & Company
Massachusetts Mutual Life Insurance Company	2 465 419	Frederick Tilney	Tilney & Company	Tilney & Company

	Cash Surrender Value	Accumulated Dividends	Loans and Interest Due Outstanding	Net Cash Value		
				Tilney & Company	Frederick Tilney	Total
Equitable	$12,720	$ 2,384	$ -	$ -	$15,104	$15,104
Aetna	1,689	1,329	959	-	2,059	2,059
New England	13,785	4,665	14,812	3,638	-	3,638
Massachusetts	17,814	5,469	17,398	5,885	-	5,885
	$46,008	$13,847	$33,169	$9,523	$17,163	$26,686

(1) Policy was assigned to I. Alan Harris and Joseph C. Hogan, Receivers, by Dorothy M. Tilney.

(2) Subject to change upon instructions to insurance company.

EXHIBIT A
SCHEDULE 4

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP)

SCHEDULE OF LIABILITIES TO SECURITY BUSINESS CUSTOMERS
OCTOBER 31, 1971

	Amount Per Claim and Per Records
Under Review:	
Aubrey K. Bills 4904 Roger Road Anchorage, Alaska 99502	$112.00
No Claim Filed:	
Larry M. Belmont	$ 19.50
Clifford V. Bissel	.80
Dr. Carl M. and Anna Bowman	2.50
Billy Barton Brown	28.60
Jerald D. and Betty Cowan	7.80
Rolf & Marie Helle	30.00
George M. & Hazel Jonovitz	3.75
Francis M. & Sharon Koenig	4.50
Norman McDonald, Jr	6.25
McKenzie Musick	4.68
Jerry P. Smith	2.25
William Arthur and Thetus Smith	2.50
Dyonisco and Thedore Tingcang	8.75
Sgt. Raymond Walker	10.63
	$132.51

EXHIBIT A
SCHEDULE 5

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP)

SCHEDULE OF ACCOUNTS PAYABLE TRADE - NO CLAIMS FILED
OCTOBER 31, 1971

	Amount Per Books
Appeal Printing Company	$ 26.25
City of Anchorage	32.28
Daytimes	9.66
Prudden's Digest of Investment	50.00
Standard & Poors	20.10
Wall Street Journal	26.00
Westly Associates	116.52
Friden, Inc	12.34
Journal of Commerce	32.00
Merrill, Lynch, Pierce, Fenner and Smith, Inc	4.76
Moody's Investors Service	319.20
National Quotation Service	607.95
Xerox Corporation	504.81
Total	$1,761.87

EXHIBIT B
SCHEDULE 1

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

SCHEDULE OF OPERATING AND RECEIVERSHIP EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 1971

	Total	Tilney & Company	Frederick Tilney
Real estate taxes	$ 8,148	$ 227	$ 7,921
Life insurance premiums	5,024	2,542	2,482
Water charges	484	-	484
Mortgage amortization	2,515	-	2,515
Interest on mortgage	1,253	-	1,253
Rent	1,538	1,538	-
Fuel oil	816	-	816
Legal fees	400	400	-
Insurance - office equipment	149	149	-
Miscellaneous	5	5	-
	$20,332	$ 4,861	$15,471
National Bank of Alaska - Offset from Dividend Income- Interest on loan	$ 242	$ -	$ 242

EXHIBIT B
SCHEDULE 2

SALES OF SECURITIES
FOR THE YEAR ENDED OCTOBER 31, 1971

Number of Shares	Description	Proceeds From Sale			Original Cost or Tax Basis(1)	Valuation at 10/31/70
		Total	Tilney & Company	Frederick Tilney		
947.8	Matanuska Valley Bank	$17,973	$17,973	$ -	$29,382	$18,008
50	Matanuska Valley Bank	948	-	948	1,550	950
$55,884	City Commerce Corp., 7% Debentures	41,883	41,883	-	50,260	41,883
		$60,804	$59,856	$948	$81,192	$60,841
150M	U.S. Government bonds, 4%, 8/15/71	$ -	$ - (2)	$ -	$ -	$ -
150M	U.S. Government bonds, 7%, 11/15/75	157,419	157,419	-	145,734(2)	145,734
70M	U.S. Government bonds, 4%, 8/15/71	69,979	69,979	-	68,149	68,149
	Other maturities	90,995	90,995	-	90,995	-
		$318,393	$318,393	-	$304,878	$213,883

(1) Cost or tax basis submitted by Frederick Tilney.

(2) Proceeds to be received of $150,000 were converted prior to maturity to $150,000, 7%, bonds maturing 11/15/75. Original cost of $145,734 applied to sale of subsequent issue.

EXHIBIT B
SCHEDULE 3

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

DIVIDENDS AND INTEREST RECEIVED
FOR THE YEAR ENDED OCTOBER 31, 1971

	Total	Tilney & Company	Frederick Tilney
Interest:			
U.S. Government obligations	$27,559	$27,559	$ -
Certificates of deposit	2,818	2,818	-
Dividends and Sales of Fractional Shares:			
Matanuska Valley Bank	253	253	-
	30,630	30,630	-
Dividend - Central Alaska Utilities	3,450	-	3,450
Interest on deed of trust (included in proceeds from sale of Alaska real estate)	535	535	-
	$34,615	$31,165	$ 3,450

333

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1971

Note 1 - Valuation of Assets

Asset values were furnished by the Receiver based upon bids, appraised values, and estimates consistent with conservative values, which may ultimately be realized upon liquidation. Certain assets including various securities, investments and receivables from subsidiaries and affiliates, etc., were not presently valued pending subsequent determination of amounts recoverable and may be applied in payment of creditor claims. Certain of the security investments are not readily marketable.

Note 2 - Receivables From Affiliates

The amounts recoverable on investments and receivables from affiliated companies cannot be presently determined by the Receiver and his counsel. A judgment has been filed against Governmental Statistical Corporation in favor of the estate in the approximate amount of $500,000. Real property owned by the affiliated company has been sold by the sheriff in partial satisfaction of this judgment. The Receiver bought in this property at a cost of $38,466. Subsequent to October 31, 1971, net proceeds from this sale were received in the amount of $35,062.

Note 3 - Liabilities to Customers of Tilney & Company (Security Business)

Pursuant to instructions of the Receiver, customer account liabilities are reflected at the original amount of the transaction plus dividends claimed by customers to December 17, 1967, less distributions paid to October 31, 1971. Where dividends were not claimed by customers, reduction in recorded liabilities was authorized. The legal obligation of the estate to customers is subject to review by counsel to the Receiver and the Securities and Exchange Commission.

Note 4 - Administration Fees and Expenses

Application for interim allowances for fees and expenses by the Receiver, former Receiver, counsel and accountants to the Receivers exceeded $200,000 and are subject to review and determination by the court.

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1971

Note 5 - Contingent Liability to Long Island National Bank

Tilney & Company and Frederick Tilney are contingently liable under a collateral loan agreement to a loan by Long Island National Bank to Governmental Statistical Corporation in the amount of $62,000, plus accrued interest approximating $5,000. Cash and securities of Tilney & Company held by the bank was tentatively valued at $60,755. The bank also holds as collateral a 4% note in the face amount of $95,000 issued by The Alaska State Development Corporation to Governmental Statistical Corporation, maturing August 1, 1973, and various other securities alleged to be owned by Dorothy Tilney, the wife of Frederick Tilney. The contingent liability is stated in the financial statement at the same value as the Tilney & Company collateral held by the bank.

Note 6 - Mortgage - Marine Midland Tinker National Bank

The Receiver and Frederick Tilney, by court order dated July 8, 1970, executed a mortgage on certain undeveloped land in Norwich and East Norwich, N. Y. to Marine Midland Tinker National Bank in the amount of $115,828 with 7½% interest, in full payment and satisfaction of the bank's claim for loan principal of $98,000 plus accrued interest, which resulted from a 1966 loan to Frederick Tilney and Dorothy Tilney. The land was appraised at $103,500 and the bank paid to the Receiver $5,500 as further consideration for the mortgage. In the event that the assets of the receivership are insufficient to pay the full amount of all just claims against it (including administration expenses) the bank will pay to the Receiver an amount, which when subtracted from the sum of $103,500, will make the prorated value of the distribution received by the bank equal to the prorated share of each other creditor. The receivership is subject to terms and conditions as set forth in the mortgage agreement.

Note 7 - Interest Payable

Pursuant to instructions of the Receiver and his counsel, interest payable on general claims from December 18, 1967 (commencement of receivership) to October 31, 1971, have not been paid or provided for in the financial statement, pending determination and authorization by the court.

JOSEPH C. HOGAN, RECEIVER FOR
TILNEY & COMPANY (A PARTNERSHIP) AND
FREDERICK TILNEY (AN INDIVIDUAL)

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1971

Note 8 - Claims Expunged

Claims have been expunged aggregating in excess of $370,000 applicable to family members and affiliated companies of Frederick Tilney. A claim by Dorothy C. Tilney, a daughter of Frederick Tilney, was approved in the amount of $6,231. A claim by Dorothy Tilney, wife of Frederick Tilney, was approved in the amount of $3,002.

Note 9 - School Taxes During Receivership, Lien Filed

A tax lien was filed on the residential property at Centre Island, N.Y. for unpaid school taxes applicable during the receivership period. The Receiver's records indicate payment of all bills directly to the tax collector or reimbursement to Frederick Tilney. Details underlying the application of such payments are under review.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

vs.

TILNEY & COMPANY,
FREDERICK TILNEY,
Defendants.

67 Civ. 4676

NOTICE OF MOTION

SIRS:

PLEASE TAKE NOTICE, that the undersigned will bring on the annexed motion for hearing before this Court at Room 618, United States Court House, Foley Square, City of New York, on the 23rd day of February, 1972, at 10:30 o'clock in the forenoon of that day, or as soon thereafter as counsel can be heard.

Creditors of the above named defendants receiving this notice are hereby advised that their claims are subject to judicial determination at the aforesaid hearing, and are further advised that they may appear at the hearing either in person or by counsel.

Dated: New York, New York
February 10, 1972

WAGNER, QUILLIAN & TENNANT
Attorneys for Receiver
Office and P.O. Address:
350 Fifth Avenue
New York, New York 10001

837

TO:

SECURITIES AND EXCHANGE COMMISSION
26 Federal Plaza
New York, New York
Attention: Franklin Ormsten, Esq.

CADWALADER, WICKERSHAM & TAFT, ESQS.
1 Wall Street
New York, New York
Attention: Terence F. Gilheany, Esq.

I. ALAN HARRIS, ESQ.
292 Madison Avenue
New York, New York

SAXE, BACON & BOLAN, ESQS.
39 East 68th Street
New York, New York

FRANCIS I. DU PONT & CO.
(F. I. duPont Glore Forgan & Co.)
1 Wall Street
New York, New York 10005
Attention: Jerome Feldman, Esq.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

SECURITIES AND EXCHANGE COMMISSION, :
Plaintiff,
:
- against - :
:
TILNEY & COMPANY, :
FREDERICK TILNEY, :
Defendants. :

- x

67 Civ. 4676

AFFIDAVIT IN SUPPORT OF MOTION

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

JOSEPH C. HOGAN, being duly sworn, deposes and says:

1) I am the duly appointed, qualified and acting Receiver of the assets of the above captioned defendants.

2) On the 29th day of January, 1971, the Securities and Exchange Commission, by oral application at a hearing before this Court, and by the affidavit of Franklin D. Ormsten sworn to on that date and duly filed herein, requested that a full or partial distribution be made to the creditors of the defendants herein.

3) At the direction of the Court, I prepared a proposed order providing for a partial distribution to the extent of sixty-five per cent of creditors' claims, as allowed, and caused said proposed order to be brought on before this Court by motion, on notice, said motion having been hear on the 6th day of May, 1971.

4) Pursuant to the aforesaid hearing, this Court, by order dated the 24th day of May, 1971, and filed herein, allowed certain claims as

set forth in the schedule attached thereto, and directed that a distribution be made to the respective creditors to the extent of sixty-five per cent of allowed claims.

5) In compliance with the aforesaid order I drew checks payable to the order of the creditors listed in the schedule attached to the order, in the respective amounts set forth therein, and caused said checks to be mailed to the creditors at the respective addresses also as set forth therein. Several of these checks were returned by the Post Office as undeliverable.

6) Subsequent to this distribution and at the further direction of this Court, I made application for an order providing for the allowance of certain additional claims which had not previously been approved and further providing for a distribution to the extent of one-hundred per cent of all creditors' claims, as allowed. This application was the subject of a hearing which took place on the 8th day of September, 1971.

7) Pursuant to the aforesaid hearing, this Court by order dated the 15th day of October, 1971, and filed herein, allowed certain additional claims as set forth in the schedules attached thereto, and directed that a distribution be made to the respective creditors to the extent of one-hundred per cent of allowed claims.

8) In compliance with the aforesaid order, I drew checks payable to the order of the creditors listed in the schedules attached to the order, in the respective amounts set forth therein, and caused said checks to be mailed to the creditors at the respective addresses also as set forth

therein. Again, a number of these checks were returned by the Post Office as undeliverable.

9) This affidavit is made in support of a motion requesting the following:

a) That the Court allow certain claims which have not previously been allowed and authorize the payment of each such claim to the extent of one-hundred per cent of the allowed amount.

b) That the Court direct that a reserve fund be established in the Registry of the United States District Court for the Southern District of New York and that certain amounts as more particularly described in paragraphs 11 and 12 be deposited therein for the protection of certain creditors.

10) Annexed to this affidavit and made a part hereof is Schedule "A", which sets forth certain creditors' claims which have not previously been allowed by this Court. The said claims may be more particularly described as follows:

a) The claim of Francis I. DuPont & Co., a general creditor of Tilney & Company, was filed in the amount of $3,055.21. After consultation with Frederick

Tilney and Greidinger, Hoffberg & Oberfest, accountants to the Receiver, I was able to negotiate a compromise with this creditor in the amount of $1,527.61, subject to Court approval. I believe that this amount is fair and reasonable and should be allowed.

b) The claim of Aubrey K. Bills, a customer of Tilney & Company, was filed by the claimant subsequent to the hearing of September 8th and, consequently, was not approved by the Court at that time. After consultation with Frederick Tilney and Greidinger, Hoffberg & Oberfest, I believe that this claim is valid and should be allowed.

To my knowledge, Frederick Tilney does not object to the allowance of either of these claims.

11) Annexed to this affidavit and made a part hereof is Schedule "B" which sets forth certain obligations of Tilney & Company as reflected by the books of Tilney & Company and which are admitted by Frederick Tilney, but which have not been formally claimed by the respective creditors. It should be pointed out that although I have notified a number of the creditors specified in Schedule "B" of their right to file a claim, I have been unable to contact others listed therein because of unknown, insufficient or improper addresses. I believe that a reserve should be established for the future payment of these obligations, with funds for that purpose deposited in the Registry of the United States District Court for the Southern District of New York.

12) As stated above in paragraphs 5 and 8,a

number of checks mailed to various claimants pursuant to the orders of this Court dated the 24th day of May and the 15th day of October, 1971, were returned by the Post Office as undeliverable. I believe that the

amounts represented by these checks also should be deposited in the Registry of the United States District Court for the Southern District of New York. I have not annexed a schedule of the creditors in this category.

13) It is my opinion, based on information supplied by my accountants, that as of this date the assets of the receivership are sufficent to pay one-hundred per cent of the claims referred to in paragraph 10, and provide for the reserve referred to in paragraph 11, exclusive of administrative costs.

WHEREFORE, it is respectfully requested that if the Court sees fit under the circumstances, it grant the motion and allow the claims not previously allowed as set forth in Schedule "A"; direct a distribution to the extent of one-hundred per cent of allowed claims also as set forth in Schedule "A"; direct that a reserve fund be established in the Registry of the United States District Court for the Southern District of New York; further direct that funds for the purpose of protecting the creditors set forth in Schedule "B" be deposited in said reserve fund; and authorize the Receiver to deposit in said reserve fund those amounts represented by the checks which were undeliverable to claimants under the orders of the 24th day of May and the 15th day of October, 1971.

/S/ Joseph C. Hogan
Joseph C. Hogan

Sworn to before me this
28th day of January, 1972.

SCHEDULE A

Certain creditors' claims not previously allowed.

Claim No.	Name and Address	Amount
111	Francis I. DuPont & Co. 1 Wall Street New York, New York	$1,527.61 (1)
191	Aubrey K. Bills 4904 Roger Road Anchorage, Alaska 99502	112.00
	Total	$1,639.61

(1) Claim No. 111 was filed in the amount of $3,055.21, but has been settled by the Receiver for $1,527.61, subject to the approval of this Court.

SCHEDULE B

Certain items which are reflected as obligations on the books of Tilney & Company and which are admitted, but for which no claim has been filed.

Name	Amount
Larry M. Belmont	$ 19.50
Clifford V. Bissel	.80
Dr. Carl M. and Anna Bowman	2.50
Billy Barton Brown	28.60
Jerald D. and Betty Cowan	7.80
Rolf and Marie Helle	30.00
George M. and Hazel Janovitz	3.75
Francis M. and Sharon Koenig	4.50
Norman McDonald, Jr.	6.25
McKenzie Music	4.68
Jerry P. Smith	2.25
William Arthur and Thetus Smith	2.50
Dyonisco and Thedore Tingcang	8.75
Sgt. Raymond Walker	10.63
Total	$132.51

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,	:	
Plaintiff,	:	67 Civil Action File No. 4676
-against-	:	
TILNEY & COMPANY, FREDERICK TILNEY,	:	APPLICATION FOR ALLOWANCE
Defendants.	:	

The petition of Wagner, Quillinan & Tenant, Esqs. respectfully states:

1. Your petitioners are the attorneys for Joseph C. Hogan, the duly appointed receiver of the assets of Tilney & Company and Frederick Tilney.

2. On or about March 6, 1970, your petitioners filed with this Court an Application for Allowance dated February 12, 1970 whereunder your petitioners requested that this Court fix their compensation for legal services rendered to the receivership estate for the period January 28, 1968 through January 15, 1970 and order reimbursement for petitioner's disbursements for said period. The amount requested as compensation for services for said period was $45,650.00 and the amount requested for reimbursement for disbursements was $1,390.13.

3. Based on a change in position of the Securities and Exchange Commission with respect to the timeliness of said

application, your petitioner, by notice dated October 21, 1970, withdrew the aforesaid application without prejudice to the re-filing of said application and the filing of an application for additional allowances herein.

4. This application for an allowance of compensation concerns itself with petitioner's services rendered and expenses incurred from January 15, 1970 through December 31, 1971 in acting in the capacity of attorneys for the Receiver in this proceeding. The factual background of your petitioner's retention as attorneys for the Receiver together with a detailed statement of the services rendered and work performed by petitioner for the period January 29, 1968 through January 15, 1970 are set forth in the aforesaid Application for Allowance heretofore filed with this Court. The contents of said Application are incorporated by reference herein in their entirety and the Court is respectfully requested to consider the aforesaid Application For Allowance and this Application For Allowance as one application; the former application covering the period January 29, 1968 through January 15, 1970, and the within application covering the period January 15,1970 through December 31, 1971.

5. Attached hereto as Exhibit "A-1" and made a part hereof is a detailed statement taken from actual time records of Messrs. Francis J. Quillinan, Robert F. Wagner, Robert G. Benisch, Robert F. Mulligan, and Walter J. Higgins setting forth in capsule form the numerous matters dealt with and the time spent thereon by your petitioner for the period January 15, 1970 through December 31, 1971.

6. Annexed hereto as Exhibit "B-1" and made a part hereof is a statement of the expenses incurred and disbursements made by your petitioner in connection with this receivership for the aforesaid period covered by this application.

7. The following is a brief summary of the extensive services rendered by your petitioner since January 15, 1970, the closing date of petitioner's last application herein:

The Claims of the Tilney Children

As set forth in petitioner's prior application for allowance herein, (commencing on p. 17 thereof) the Guardian ad Litem for the three Tilney children filed on behalf of said children proofs of claim totalling in the aggregate, $145,360.68. The allowance of these claims was objected to by the Receiver and in that regard your petitioner prepared and filed with this Court an affidavit in opposition and a memorandum of law. After a hearing before this Court which was adjourned after lengthy testimony, the Guardian ad Litem filed his report which reduced the total claims to $132,631.99 and which set forth the theory upon which said claimed amount was based.

In response to said report, your petitioner, after additional research regarding the legal issues involved, prepared and filed an affidavit in opposition and a supplemental memorandum of law for the purpose of opposing the allowance of all but a small portion of the aforesaid claimed amount. Thereafter, a further hearing was held by this Court after which your petitioner

prepared and submitted to this Court proposed findings of fact and conclusions of law with respect to this matter.

Subsequent to the Court's making its findings of fact and conclusions of law in connection with those claims, your petitioner assisted the Guardian ad Litem in the preparation of a Judgment to be submitted to this Court for signature and reviewed the Guardian's application for an order permitting the deposit of the amount allowed on said claims in an interest bearing savings account.

The aforesaid efforts by yourpetitioner in opposing the claims of said children resulted in a savings to the receivership estate of approximately $139,000, said sum being the amount of the original claims disposed of or expunged by order of this Court pursuant to the objections filed by the Receiver.

The Claims of Tilney & Co. Inc., Dorothy Tilney, et al.

As indicated in your petitioner's prior application (commencing on p. 20 thereof), proofs of claim totalling $271,919.65 were filed herein by Frederick Tilney, his wife, Dorothy M. Tilney, and Tilney & Company, Inc., a corporation of which Mr. Tilney owns 90% of the issued stock.

With respect to those claims, your petitioner prepared and filed herein on behalf of the Receiver, a petition to expunge said claims and an order to show cause bringing said application on for hearing. Thereafter, on April 29, 1970,

May 7, 1970 and May 26, 1970, your petitioner attended lengthy hearings before this Court in connection with these claims. During the course of said hearings, your petitioners engaged both Mr. Tilney and Mr. Brooke V. Postley in extensive questioning into the facts and circumstances surrounding an alleged transfer of securities by Mr. Tilney to Mr. Postley and the effect of such transfer on the right of Tilney & Company, Inc. to the dividends declared on said securities. In view of the amounts of said claims, your petitioner spent many hours in consultation with the Receiver's accountants, in reviewing transcripts of testimony, correspondence and other documents in preparation for the aforesaid hearings.

Following said hearings, your petitioner prepared and filed proposed findings of fact and conclusions of law with respect to the issues involved. Upon this Court making its findings of fact and conclusions of law, your petitioner prepared and noticed for settlement a Judgment providing for the expungment of the aforesaid claims in their entirety.

Thereafter, your petitioner had several conferences concerning the appeal from the aforesaid Judgment which was noticed by Dorothy M. Tilney. These conferences resulted in the withdrawal of said appeal.

As a result of the foregoing opposition to said claims, the receivership estate was relieved from a potential liability of over $271,000.

The Mortgage With Tinker National Bank

As set forth in your petitioner's prior application for allowance, considerable time and effort was devoted by both the Receiver and your petitioner in attempting to work out an arrangement for the satisfaction of the claim for $98,000 plus interest filed by Tinker National Bank (now Marine Midland-Tinker National Bank). Of utmost importance in making any such arrangement was the avoidance of any type of a preference to Tinker in derrogation of the rights of other creditors of the receivership estate.

After extensive negotiations with the attorneys for Tinker and its president, and upon consultation with Mr. Tilney and the Securities and Exchange Commission, it was agreed that Tinker would accept in full satisfaction of its claim, a mortgage covering certain real property purportedly not an asset of the receivership estate. Thereafter, your petitioner worked in collaboration with the attorneys for Tinker in drafting the mortgage papers and the Bank's application to this Court for approval of this transaction. In this regard, your petitioner prepared a form of written agreement setting forth the details of the transaction which agreement was signed by the parties involved and annexed to the Bank's aforesaid application.

In connection with this matter, your petitioner attended several hearings before this Court at which recommendations were made both by the Securities and Exchange Commission and the Court.

In consummating this arrangement with Tinker, the receivership estate was discharged from a liability in an amount in excess of $100,000 and said estate received from the Bank the additional sum of $5,500 representing a further consideration paid by the Bank for the aforesaid mortgage.

The Sale of Alaskan Real Property

As indicated in the prior application herein (commencing on p. 7 thereof) your petitioner, on behalf of the Receiver, arranged for the purchase of certain real property located outside of Anchorage, Alaska. Said property, owned in part by Mr. Tilney, was purchased by the Receiver at a foreclosure sale for the approximate sum of $14,000.

Thereafter, your petitioner worked in conjunction with the Receiver in obtaining an offer to purchase said property. Such an offer, calling for periodic payments of the purchase price, was received and reviewed by your petitioner and the Receiver. Upon reducing said offer to writing, your petitioner prepared and filed with this Court an application pursuant to U.S.C. Section 2001(b) for authority to sell said property.

Your petitioner reivewed the opposing papers of Mr. Tilney in connection with the contemplated sale and on February 24, 1970 attended a hearing before this Court on the Receiver's application.

Subsequent to said hearing, your petitioner prepared

and submitted an order providing for the appointment of three appraisers to appraise said property as provided in said Section 2001(b). Your petitioner notified said appraisers of their appointment and forwarded to each of them a form of oath to be signed and filed with the Court. Your petitioner also obtained an order directing the publication of the terms of the sale and arranged for such publication to be made in the specified Anchorage newspapers.

Your petitioners corresponded with various parties who had contacted the Receiver in response to said publication in an attempt to obtain a higher offer for the property.

Upon publication of the terms of said sale and the receipt of the appraisals, your petitioner prepared and filed a supplemental order to show cause and application authorizing said sale. After a hearing before this Court on July 14, 1970, your petitioner prepared and submitted for signature an order authorizing said sale and providing for the payment of the appraisers' fees. Thereafter, your petitioner contacted local counsel in Anchorage to represent the Receiver at the closing of title and to act as escrow agent pursuant to the terms of the sale. Several conferences and much correspondence were had with said attorney concerning the necessity of satisfying an outstanding judgment which was a lien on said property in order to clear the title thereto.

Thereafter, your petitioner prepared and submitted to this Court an application for an order confirming said sale and a

proposed order of confirmation. After attending a hearing before this Court on said application, your petitioner forwarded said order of confirmation to local counsel inAnchorage and arranged with him for the delivery of the proceeds of the sale as they were received.

As a result of the foregoing extensive proceedings, the receivership estate received a net gain of approximately $12,600 in the sale of said property.

The Claim By D. Raymond Kenney & Co.

As indicated in your petitioner's original application herein, in November of 1968 your petitioner, upon application to this Court, obtained authorization for the Receiver to settle the judgment against D. Raymond Kenney & Co. for the sum of $85,000.

Notwithstanding said settlement and the payment of said sum by Kenney, on February 1, 1970 Kenney filed a claim against the receivership estate in the amount of $30,336.10. Said amount was alleged to represent one-half of the advertising and other miscellaneous costs borne by Kenney during the period of his joint venture with Tilney & Co.

After consultation with the Receiver your petitioner sent several letters to Mr. Kenney stating the Receiver's position with respect to said claim, namely, that all claims arising out of the joint venture had been merged into the abovementioned settlement of the judgment against Kenney.

Mr. Kenney, however, remained adamant in his assertion of said claim. Accordingly, your petitioner prepared and filed with this Court a notice of motion and petition to expunge said claim.

After a hearing before this Court on said motion, at which your petitioner was present, your petitioner prepared a judgment expunging said claim which was signed by this Court. A copy of said judgment was sent to Kenney and the time to appeal therefrom has expired without anything further from said claimant. Accordingly, the receivership estate has been relieved of another potential liability and the aforesaid recovery of $85,000 remains in tact.

The Tilney Motion to Terminate the Receivership

During the course of converting estate assets into cash your petitioner and the Receiver met on several occasions with the attorneys for Mr. Tilney and Mr. Tilney in connection with winding up of the receivership. The central issue in all of these discussions was whether or not there was presently sufficient cash with which to pay the expenses of administration and the creditors in full. Both the Receiver and your petitioner had made it clear to the attorneys for Mr. Tilney that, in view of the amount of creditors' claims and the reasonably anticipated cost of administration, it was a certainty that additional assets would have to be converted into cash in order to meet these liabilities. It was requested at these meetings that Mr. Tilney and the Receiver agree upon a plan of further liquidation - a plan which would permit the expeditious liquidation of

assets without the opposition and active disruption which had become the constant practice of Mr. Tilney throughout the course of this proceeding.

Despite these attempts by your petitioner and the Receiver, the attorneys for Mr. Tilney, acting upon his client's instructions, made a motion to this Court for an order terminating the receivership, permanently enjoining the further liquidation of assets and fixing final administration expenses.

With respect to said motion, your petitioner prepared and filed an affidavit in opposition which was served on all parties. Your petitioner reviewed in detail the affidavits filed by Mr. Tilney, Mrs. Tilney and the S.E.C. together with the memorandum of law submitted by the attorneys for Mr. Tilney. Your petitioner also attended a hearing before this Court on January 29, 1971 on said motion and presented thereat the Receiver's opposition to said motion.

The Court made certain recommendations to Mr. Tilney at said hearing relative to winding up this proceeding. Your petitioner, for several months thereafter, made periodic inquiries to the attorneys for Mr. Tilney as to whether any progress had been made toward complying with these directions. Finally, after a lapse of some three months, the Court was advised that Mr. Tilney was unable to comply with the Court's directions and, accordingly, the Court denied the aforesaid motion.

The Distribution to Creditors

A. The First Partial Distribution:

At the aforesaid hearing on January 29, 1971 this Court directed your petitioner to prepare an order providing for the distribution to creditors of 65% of their respective claims. In accordance with this direction, your petitioner spent numerous hours with the Receiver and his accountants in reviewing the proofs of claim filed by creditors (as indicated in the prior application of your petitioner, a form of proof of claim had been prepared by your petitioner and a copy thereof sent to all known creditors of the defendants). Over 190 proofs of claim totalling in excess of $300,000 were reviewed and analyzed and the books and records of Tilney & Company and Frederick Tilney were checked with respect to some sixty or more creditors who had not filed a formal proof of claim. In this connection, several conferences were had between the Receiver, counsel for Mrs. Tilney, Mr. Tilney, the accountants and your petitioner for the purpose of reviewing the records of the defendants to determine the accuracy of the book liabilities and their respective underlying facts.

With respect to many of the claims your petitioner was called upon to render a legal opinion as to the enforceability of said claims by the various creditors and the amount by which such claims might, on a sound legal basis, be reduced.

Upon completion of this extensive review, your petitioner prepared an application to this Court for an order expunging, in whole or in part, many of the filed claims. Said application included schedules which indicated, in detail, the findings of your petitioner's review of the claims and records

of the defendants.

At a hearing before this Court at which your petitioner attended, the matter of customers' claims was presented to the Court by your petitioner and the accountants. Thereafter your petitioner prepared and submitted for signature an order providing for the payment of 65% of certain customers' claims as approved by this Court.

B. The Second and Final Distribution:

Having made the first partial distribution to the majority of customer creditors of Tilney & Company, there remained for determination and approval the remaining claims of customers, commercial creditors and miscellaneous creditors. In this respect your petitioner communicated with certain creditors relative to their filed claims, reviewed from a legal standpoint the claims of certain commercial creditors whose claimed amount was not sufficiently supported and made recommendation to the Receiver as to which of the remaining claims should be disputed and which should be allowed. Your petitioner also communicated with several creditors and, in many instances, succeeded in persuading said creditors to reduce the amount of their respective claims so as to avoid the delay and additional work involved in formally disputing said claims.

Your petitioner then prepared and filed with this Court an application on notice to all parties, for an order, allowing certain claims not previously allowed; requesting a determination as to whether or not certain disputed claims should

be allowed; requesting approval of an additional allowance in connection with a certain claim that was previously allowed in a lesser amount; and requesting approval of a second distribution to creditors so that all allowed claims might be paid to the extent of one hundred percent of the approved amount. Said application set forth in detail, the claims which were in dispute and the reasons for such dispute.

Thereafter, your petitioner attended a hearing on said application at which the facts concerning said claims were presented to this Court. Subsequent thereto your petitioner prepared and submitted an order providing for the payment of claims in accordance with the various determinations made by this Court at said hearing.

Your petitioner also arranged for the delivery of certain releases and stipulations of discontinuance in connection with legal actions which had been commenced by certain creditors on their claims.

Thereafter, your petitioner worked in conjunction with the Receiver in making the pay-out to creditors and providing for the necessary releases in connection therewith.

C. As to Creditors Who Have Not Filed Claims

There are, at present, several creditors who, despite written notices and newspaper advertisements by the Receiver, have not filed claims in this proceeding although the records of Tilney & Company indicate amounts owing to them. For the

most part these creditors have moved leaving no forwarding address and are, therefore, unaware of this proceeding. With respect to these creditors (whose claims amount to very little) your petitioner has prepared and will shortly file with this Court, an application for an order directing the deposit of a fund with the Court sufficient to cover the total amount due such creditors.

In arranging for the foregoing distribution to creditors, your petitioner necessarily spent hundreds of hours in soliciting the filing of claims; in reviewing and checking filed claims; in corresponding with creditors; in legal research; in preparation of various papers to be filed with this Court; and in pursuing the many other miscellaneous details in connection with said distribution. As a direct result of your petitioner's efforts in disputing certain of the claims, a substantial savings was gained for the receivership estate.

The Governmental Statistical Corporation Debt

As set forth in your petitioner's prior application for allowance herein, a judgment in favor of the Receiver was obtained and entered by your petitioner in the Supreme Court of the State of New York, County of Nassau against Governmental Statistical Corporation (hereinafter referred to as "G.S.C.") in the sum of $610,156.25, plus interest and costs.

In connection with executing and collecting on said judgment, your petitioner, upon instructions from the Receiver, filed with the Sheriff of Nassau County, an execution pertaining

to certain real property located in Hicksville, Long Island and belonging to G.S.C. Said property was thereupon noticed for sale at public auction by theSheriff of Nassau County.

In regard to this sale your petitioner was required to make two visits to the Nassau County Clerk's office in Mineola, New York to search the record for judgment creditors and others required to be notified by the Sheriff under the execution. Petitioner also inspect the two parcels in Hicksville and conferred with the Sheriff's deputies. On the day before the date set for sale by the Sheriff, your petitioner and the Sheriff were served with a copy of an Order to Show Case and a temporary restraining order enjoining said sale and the sale was postponed. Your petitioner opposed the ensuing motion for a preliminary injunction to enjoin the sale and filed various motion papers and proposed orders, with the result that an order was eventually signed vacating the stay. The sale was then rescheduled by the Sheriff and petitioner again conferred with the Sheriff's deputies on several occasions and after supervising an appraisal of the property, attended the sale and assisted the Receiver, who, in order to protect the interests of the receivership estate, purchased the property, as Receiver, at the sale. Since that date, petitioner has been negotiating with various brokers and private individuals in an attempt to effectuate a private sale of said property pursuant to Title 28 Section 2001(b) of the United States Code.

The Long Island National Bank Matter

An examination of the records of the defendants herein

indicated that, prior to the commencement of this proceeding, G.S.C. had borrowed a sum of money from Long Island National Bank. As a part of said loan transaction Tilney & Company and Frederick Tilney had pledged and delivered to said bank certain of their respective assets for the purpose of securing said loan. Said defendants had also guaranteed the payment of said loan to the bank.

In view of the foregoing, it was evident that steps should be taken to liquidate this loan. The reasons therefor were twofold:

(1) As long as said loan remained unpaid, the receivership estate was potentially liable to the bank under the guarantees for any deficiency on the payment of said loan should the collateral pledged become insufficient to fully cover the amount of the loan; and

(2) There was in the hands of said bank assets belonging to the defendants and over which the Receiver would have control when redelivered by the bank. These assets were valued in excess of $65,000.

Accordingly, your petitioner communicated with said bank for the purpose of arranging the liquidation of said loan and the turn-over of the excess collateral to the Receiver. All attempts by your petitioner in this respect met with failure due to the fact that the bank, acting on the instructions of Mr. Tilney, refused to liquidate said loan and, in fact, continued to periodically renew same.

In an attempt to remedy this situation, your petitioner commenced a special proceeding in Supreme Court, Nassau County, petitioning that court for an order directing said bank to liquidate its loan and turn over the excess collateral to the Receiver. Said application was denied for the reason that no market value had been established for a note of Alaska State Development Corp., which note formed part of the aforesaid collateral pledged to secure the loan.

Accordingly, your petitioner, working in conjunction with the Receiver, obtained a bid from Alaska State Development Corp. to purchase its aforesaid note and renewed the motion for an order directing the liquidation of the loan. Your petitioner prepared new motion papers, reply affidavits and appeared before the Supreme Court, Nassau County on the return day of the motion. After a ruling by that court that issues of fact were present which necessitated a trial, your petitioner made several further appearances at the various calendar calls of said court. These additional appearances were made necessary by the delaying tactics employed by G.S.C. and the bank. Prior to the trial the Alaska State Development Corp. withdrew its offer to purchase its note and, accordingly, the proceeding was discontinued without prejudice.

Your petitioner then assisted the Receiver in making to said bank a conditional tender of an amount sufficient to pay off the bank's loan in order that the collateral be turned over to the Receiver as guarantor of the loan under his right

of subrogation. The bank, again acting on the instructions of Mr. Tilney, has refused to accept said tender. Your petitioner has prepared and will bring on before this Court, an application for an order directing the bank to liquidate its loan and turn over the excess collateral to the Receiver.

Virtually all of the foregoing work by your petitioner was occasioned as a result of the obstructive and arbitrary position taken by Mr. Tilney with respect to the liquidation of the aforesaid loan. It has been the paramount intention of Mr. Tilney throughout this receivership to avoid the creation of a cash fund which would be sufficient to pay reasonable administration expenses in addition to creditors' claims. In carrying out this design Mr. Tilney himself has been directly responsible for a large portion of the work necessarily performed by your petitioner both in this matter and numerous other receivership matters.

The Tilney Contempt Motion

During the course of the receivership, both the receiver and your petitioner became aware of the fact that both Mr. Tilney and his wife, acting at his direction, were, in direct violation of the instructions of this Court and the Receiver, interfering with the orderly administration of this receivership by communicating with creditors of the receivership estate. These unauthorized (and, in fact, prohibited) communications contained misstatements of fact and other material designed to discredit both the Receiver and this Court in the eyes of the creditors.

Despite several admonitions by both the Receiver and this Court these communications continued until finally the Receiver deemed it essential that this Court's attention be brought to the matter. Your petitioner, at the request of the Receiver, prepared and filed herein a motion to punish the Tilneys for contempt. At the request of this Court, your petitioner researched the law in this matter and prepared and submitted a memorandum of law supporting the relief requested. Thereafter, your petitioner attended a hearing on the motion before this Court at which time the Court turned the matter over to the United States Attorney's office for further consideration by that office. In this regard, your petitioner conferred with the assistant U. S. Attorney to whom the matter was assigned and made certain recommendations with respect to the matter.

A substantial number of hours were spent by your petitioner in placing before this Court all of the facts surrounding this contumacious conduct on the part of the Tilneys. The matter is presently awaiting action by the U. S. Attorney's office.

8. The foregoing account is but brief summary of a few of the matters in which your petitioner has been actively involved on behalf of the Receivers. In addition thereto, your petitioner necessarily spent hundres of hours in corresponding and conferring with various parties, in the preparation of various legal papers and briefs which were filed with this Court, in researching the applicable law with respect to legal issues and in generally assisting the Receiver in the administration of this

estate.

As a direct result of your petitioner's efforts in conjunction with the Receiver, estate assets were reduced to cash and liabilities were either eliminated or reduced in amount so as to permit a payment to all creditors of 100% of their claims. In this connection, your petitioner, by means of negotiation and numerous motions brought on before this Court and appearances before this Court, succeeded in obtaining a reduction of estate liabilities in an amount in excess of$500,000. In addition, your petitioner was instrumental in bringing about a settlement of an action for $2 million commenced by the City of Nome against the receivership estate. This action was settled with the approval of this Court and all concerned for the sum of $20,000.

In accomplishing the foregoing successful liquidation and payment to creditors, your petitioner necessarily spent a total of 1601-3/4 hours of working time plus 6-1/2 days in Anchorage, Alaska exclusively on receivership business. Transcripts of the time records of your petitioner for the period from January 28, 1969 through January 15, 1970 are annexed as exhibits to your petitioner's prior application herein. Transcripts of the time records of your petitioner for the period from January 15, 1970 through December 31, 1971 are annexed to this application as Exhibit "A-1". In light of the complexity of this proceeding and the attitude of the defendants, both coupled with the highly satisfactory results obtained, it is your petitioner's considered opinion that the above hours

constitute the absolute minimum necessary for the achievement of the results herein. "

It is important for the Court to note in its consideration of this application that due to the fact that creditors have been paid in full prior to the payment of any administration expenses, there is presently, in the opinion of your petitioner and the Receiver, insufficient cash on hand to cover the payment of reasonably anticipated administration expenses. Accordingly, additional time, effort and expense will necessarily be expended by your petitioner in liquidating additional assets for the purpose of paying administration expenses as fixed and allowed by this Court. Based on the type of assets remaining for liquidation together with the past performance of the defendants herein, and their expressed attitude with respect to the payment of administration expenses, it is anticipated that the additional time which will have to be spent by your petitioner will be substantial.

Had the distribution to creditors in this proceeding taken place after the liquidation of assets had progressed to the point where there was sufficient cash on hand to pay both creditors and reasonably anticipated administration expenses, the time spent by your petitioner in liquidating assets to cover the payment of administration expenses would have been added to the time set forth above. However, due to the procedure adopted in this proceeding, any time spent in the further liquidation of assets will be spent after the making of this application and, absent any further application by your petitioner

on account thereof, will go uncompensated. The Court is respectfully requested to bear this fact in mind in its determination of the present applications.

9. Based on the foregoing facts and the statements of services rendered and expenditures made on behalf of the receivership estate as set forth in your petitioners prior application and the instant application, your petitioner seeks an allowance of $ 96,935.00, for services rendered by it herein and the amount of $ 3,339.90, as reimbursement for its disbursements and expenses incurred herein.

10. Other than the aforesaid application for allowance which was withdrawn and which is hereby renewed, your petitioner has made no previous application for allowances herein nor has it received any prior compensation or reimbursement for expenses herein.

WHEREFORE, your petitioner prays that the Court allow your petitioner the sum of $ 96,935 for compensation and the sum of $ 3,339.90 for reimbursement for disbursements made herein, said amounts to be paid out of the receivership estate as part of the costs and expenses of administration thereof, or such other amounts as the Court shall deem fair and reasonable.

Dated: New York, New York
February 29, 1972

WAGNER, QUILLINAN & TENNANT

By _____
A Member of the Firm

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	67 Civil Action File No. 4676 SUPPLEMENTAL APPLICATION FOR ALLOWANCE

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

JOSEPH C. HOGAN, being duly sworn, deposes and says:

That your affiant is the duly appointed Receiver of the assets of Tilney & Company and Frederick Tilney.

On or about March 6, 1970, your deponent filed with this Court an Application For Allowance, dated February 28, 1970, whereunder your deponent requested that this Court fix his compensation for services rendered as Co-Receiver since his appointment on December 18, 1967, and as sole Receiver from July 16, 1969, up to and including February 28, 1970. The amount requested as compensation for services for said period was $45,000.00. No allowance was requested for your deponent's disbursements for said period. It is respectfully requested that your deponent be allowed the right to request compensation for disbursements at the termination of this proceeding.

Opposition was made by the Securities & Exchange Commission to the Application For The Interim Allowance and, as a consequence thereof, your deponent consented to the withdrawal of the aforesaid application on October 21, 1970, without prejudice to the re-filing of said application together with the filing of an application for additional allowances herein.

This application for an allowance of compensation concerns itself with deponent's services rendered from February 28, 1970 through December 31, 1971, acting in the capacity as Receiver for the defendants in this proceeding. The retention of your deponent as Receiver, together with a detailed statement of his services rendered for the period December 18, 1967 to February 28, 1970, are set forth in the aforesaid Application For Allowance heretofore filed with this Court. The contents of said Application are incorporated herein in their entirety and the Court is respectfully requested to consider the aforesaid Application For Allowance and this Supplemental Application For Allowance as one application; both applications covering the period from December 18, 1967 through December 31, 1971.

Attached hereto as Exhibit A-1, and made a part hereof, is a detailed statement taken from your deponent's time records setting forth, briefly, the numerous matters handled and the time spent thereon by your deponent for the period February 28, 1970 through December 31, 1971.

Herein is a brief summary of the services rendered by your affiant since February 28, 1970, the closing date of your affiant's last application herein.

Liquidation of and Proceeds Received on Sale of Securities

As stated in affiant's prior Application For Allowance herein, the major portion of the defendants' holdings were in securities of Alaska banks and in local holding corporations in Alaska.

Typical of the above, on January 1, 1970, your Receiver held over 6,000 shares of Central Alaska Utilities, Inc. (formerly Spenard Utilities), a company that had sewer and water properties in the Anchorage area. Defendant Mr. Tilney places a

value of approximately $40,000.00 on said securities but your Receiver, to date, has not been able to receive any offer for same from brokerage houses in New York or Foster & Marshall, brokers, in Seattle, Washington.

Also included as assets of the estates were many thousand shares of City Commerce common stock, together with $55,000.00 City Commerce 7% debentures which were not actively traded on any securities exchange. Included, too, in the assets, were shares of the Matanuska Valley Bank for which market was made primarily by one brokerage firm in Seattle, Washington. In my attempts to dispose of these bank securities, I learned that this brokerage firm would inventory only so much of this stock and that there would be no bidding, marketwise, for the securities when the brokerage firm considered its inventory of the stock adequate for customer demand.

Despite the difficulties, as herein outlined, your deponent effected the sale of the following estate assets during the year 1970:

31,500 shares City Commerce Common stock
22,000 shares Alaska State Bank Common stock
997 shares Matanuska Valley Bank Common stock

Proceeds from the sale of the above stock increased the cash assets of the estates by approximately $53,000.00.

Various brokers were contacted in an effort to sell the $55,000.00 7% debentures of City Commerce Corporation, but your affiant was unable to obtain any bid therefore. He was, however, successful in effectuating a private sale of said securities with proceeds to the estates of approximately $42,000.00. In addition, during the year 1970, your affiant sold 379 shares of Marine Midland Bank stock for a total of $13,457.00.

Proceeds from sales of the above securities totalled approximately $108,000.00 as cash assets for the estates.

Sale of Alaskan Real Property

As stated in the prior Application herein, your affiant together with counsel, arranged for the purchase of certain real property in the Anchorage, Alaska area. Said property, which was owned in part by Mr. Tilney, was purchased by your deponent at a foreclosure sale for the approximate sum of $14,000.00.

Your affiant and counsel eventually obtained an offer to purchase said property; the offer, calling for periodic payments of the purchase price, was received and studied by your deponent and counsel. Subsequently, an application was made to this Court for authority to sell said property.

Defendant Tilney submitted papers in opposition to the sale and a hearing was held in February of 1970 on the Receiver's application.

After said hearing, an order issued from this Court providing for the appointment of three appraisers to appraise said property. Your deponent corresponded with attorneys in Anchorage requesting the submission of the names of reputable appraisers and, through counsel, obtained an order directing the publication of the terms of the sale and assisted in arranging for such publication to be made in specified Anchorage newspapers.

Your deponent corresponded with various parties who made proposals with respect to the purchase of said property in an attempt to obtain the highest binding offer for purchase of the property.

The best offer received was from a Mr. Rappe, with a limitation of time for acceptance, and your deponent corresponded with him over an extended period obtaining extensions of the time until a Court order would issue approving the sale.

Your deponent, together with counsel, corresponded with attorneys in Anchorage who represented the Receiver at the

closing of title and who acted as escrow agents pursuant to the terms of the sale.

After extensive proceedings, the estates received proceeds of approximately $12,600.00 on the sale of said property.

Tax and Other Liabilities
of the Receiver's Estates

It has been necessary since the inception of this Receivership in order to protect assets of the estates, to make payment of mortgage installments due on "Sundown" (Tilney-owned residence), insurance on the life of Mr. Tilney, taxes on said property and, additionally, taxes on properties of affiliated companies of the defendants which were judgement debtors of the Receiver. For instance, monthly payments of $510.00 are made to the Equitable Life Assurance Society in reduction of the mortgage on "Sundown" and for life insurance on defendant Tilney. Tax arrears and tax liens in very substantial sums have been paid from the Receiver's estates on "Sundown" and Governmental Statistical property (judgement debtor). In order to make payments of taxes, the Receiver caused an examination of the records of the Treasurer of Nassau County wherein the properties were situated. Your deponent spent considerable time examining and refusing to pay some claims, such as gardener's bills for "Sundown."

Claims for the Tilney Children

The Guardian ad Litem for the three Tilney children filed proofs of claim in their behalf in an amount of approximately $145,000.00. Your deponent and counsel objected to the allowance of these claims and filed with this Court an affidavit in opposition thereto.

After much time was spent by your deponent, and particularly his counsel, claims of the children were expunged resulting

in savings to the estates of over $100,000.00.

Claims of Dorothy Tilney

and

Tilney & Company, Inc.

Proofs of claim totalling $270,000.00 were filed by defendant Tilney, his wife, Dorothy M. Tilney and Tilney & Company, Inc.

In conjunction with counsel, your deponent filed a petition to expunge said claims. Protracted hearings were held by this Court in connection with the claims. Mr. Tilney and a financial confidant, Mr. Brooke Postley, testified at length during the hearings with respect to facts and circumstances attendant on an alleged transfer of securities by defendant Tilney to Mr. Postley. Both individuals were subjected to extensive cross-examination by your deponent and his counsel. As a consequence thereof, the claims aforementioned were expunged in their entirety resulting in a saving to the estates of a liability of approximately $270,000.00.

Mortgage with Tinker National Bank

The most substantial individual creditor of the estates was Tinker National Bank which had filed a claim for $98,000.00 plus interest because of Tilney overdrafts. Counsel and your deponent expended considerable time conferring in order to shape up an arrangement for the satisfaction of the claim without diluting the cash assets of the estates. It was obvious that we could not in any way extend any preference to Tinker which would be prejudicial to the rights of other creditors of the Receivership estates.

Lengthy negotiations with Mr. Gunnigle, President of the Bank, and his counsel, resulted in the withdrawal and satisfaction of the bank's claim upon acceptance by the bank of a mortgage covering certain real property which is held by the defendant

Tilney as a nominee for Tilney Construction, Inc. and which property was not an asset of the Receivership estates.

Numerous hearings were held by this Court and the Securities and Exchange Commission appearing by counsel before arrangement was made with Tinker discharging the Receivership estates from any liability on the filed claim. It might be stated because of the diligence of counsel and your deponent the estates were in receipt of an additional sum of $5,500.00 over and above the bank's claimed amount, same being a further consideration paid by the bank for the aforementioned mortgage.

Claim of D. Raymond Kenney & Company

As indicated in the original applications, Court authorization was obtained for the Receiver to settle a judgement against D. Raymond Kenney & Company for the sum of $85,000.00.

Despite said settlement and the payment of the agreed sum by D. Raymond Kenney & Company, it filed a claim against the Receivership estate in the amount of $30,000.00. It was alleged that the amount represented one-half of the advertising and miscellaneous costs borne by Kenney during the period of a joint venture with Tilney & Company.

Your deponent conferred extensively with counsel and the claim was denied on the basis that any and all claims arising out of the joint venture had been merged into the settlement of the judgement against D. Raymond Kenney & Company.

Subsequent to the aforementioned conferences, deponent's counsel prepared and filed with this Court a petition to expunge said claim. After a hearing before this Court, the claim was expunged, thus relieving the estate of a possible liability in the amount of $30,000.00.

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Tilney Motion to Terminate Receivership

Practically from the inception of this Receivership, defendant Tilney and/or his wife, Dorothy Tilney, have beleaguered your deponent both verbally and by correspondence that there were sufficient assets in the estates to pay off all creditors and administration expenses. Numerous conferences were had with the defendant Tilney and his wife, together with your deponent's accountants, wherein it was demonstrated mathematically that their contentions were not valid. Periodically, Mr. Tilney or his wife would make proposals to take security assets of the estates in satisfaction of her purported claims against same. Considerable time was expended by your deponent and his counsel and their accountants replying to these proposals on the basis that acceptance would constitute preferring her as a creditor. After the expunging of her claims, any further proposals from her in this regard were summarily denied.

Conferences were held with counsel for defendant Tilney wherein it was shown conclusively by your deponent and counsel that additional assets must be converted into cash to meet the liabilities of the estates including cost of administration.

After the aforementioned discussions, the attorneys for defendant Tilney, upon his instructions, moved this Court for an order terminating the Receivership and permanently enjoining the further liquidation of assets and fixing final administration expenses.

Your deponent conferred with counsel who prepared papers in opposition to the aforementioned motion. At a hearing of this Court, pursuant to the motion, recommendations were made to Mr. Tilney to furnish an adequate bond to insure payment of all creditors' claims and administration expense. Mr. Tilney and his counsel agreed to attempt to comply with the Court's direction to obtain the bond. Your deponent, after conferring with Mr. Tilney's

counsel, was of the opinion that sufficient effort was not being expended to obtain the requisite bond and, as a result thereof, your deponent conferred at length with executives of a Surety company without success. After a very extended period of time, defendant Tilney advised the Court that he was unable to comply with the Court's directions and the Court denied the motion to terminate.

Interference and Harassment of Administrators by Defendant Tilney

Despite repeated instructions from this Court to refrain from interference, defendant Tilney and his wife, Dorothy Tilney, systematically corresponded with creditors of the Receivership estate. Their communications contained misstatements and distortion of facts. Sarcastic criticism was made of this Court, your affiant, his counsel and accountants. Creditors were advised that their claims could be fully paid even though such statements were unsupported in fact. Generally, a most hostile atmosphere was created for your affiant vis-a-vis the creditors, making the administration of the Receivership estate most burdensome.

Indicative of the hostility and suspicion engendered by the Tilney interference is an excerpt from a customer's letter which reads: "I have been notified by the Tilneys several times by both mail and phone concerning the way the Receivership is being handled. What I have been told is not very complimentary."

Interference, as indicated, prompted letters of complaint from Alaska creditors to this Court, to United States Senator Stevens, to various officers of the Securities & Exchange Commission and to your affiant. Your deponent was forced to expend considerable time making replies thereto.

Tilney interference was not limited to creditors.

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Your affiant was attempting to negotiate a discount sale to the Alaska State Development Corporation in Juneau, Alaska, of its note payable to Governmental Statistical Corporation in the amount of $95,000.00. Tilney, having a knowledge of the proposed transaction, protested same to the Corporation and alleged to it that your affiant had been enjoined by this Court from any further disposal of assets. Said allegation by Tilney was a complete misrepresentation of fact.

Tilney's acts of interference reach such proportions that your affiant requested counsel to prepare and file a motion to punish the Tilneys for contempt. After a hearing on the motion before this Court, the matter was referred to the United States District Attorney's Office for action deemed necessary in the premises.

Seemingly, Tilney could not resist the desire to interfere with the administration of this Receivership. At deponent's request, he was directed by this Court to communicate with the Receiver through defendant's counsel. Since said direction, he has used the subterfuge of delivering sheaves of correspondence by mail and hand with the typed legend "Through the courtesy of Terance F. Gilheany, Esq."

Indebtedness of Governmental Statistical Corporation

A judgement in favor of your deponent was obtained and entered in the State Supreme Court, Nassau County, against Governmental Statistical Corporation in a sum in excess of $600,000.00. An execution issued pertaining to real property in Hicksville, Long Island, owned by Governmental, and the property was noticed for sale at public auction by the Sheriff of Nassau County.

Prior to the public sale, an Order to Show Cause and a temporary restraining order enjoining said sale were served causing

postponement of the sale. The stay was vacated by deponent's counsel and the sale re-scheduled.

Before the re-scheduled sale, counsel and your deponent obtained an appraisal of the property. Bids at the public auction, which was attended by your deponent and counsel, were deemed inadequate in light of the appraised value and your deponent in protection of Receivership assets purchased the property as Receiver. In the meantime, the property has been advertised for sale and negotiations have been entered into with various brokers and individuals in an attempt to consummate a private sale.

Loan of Governmental Statistical Corporation

Early in this proceeding, your deponent and his Co-Receiver visited with Mr. Dinkelacker, President of the Long Island National Bank in Hicksville, Long Island, and determined that Governmental had borrowed therefrom a substantial [illegible] of money. The loan transaction involved a pledge by Tilney and Company and Frederick Tilney of certain of their respective assets. The defendant, together with his wife, also guaranteed payment of the loan.

As collateral for said loan, Governmental pledged the $95,000.00 Alaska State Development Corporation note aforementioned. Defendant Tilney pledged 756 shares of Matanuska Bank. In addition, 640 shares of Matanuska Bank, $19,000.00 face value Long Island Commercial Review notes, 130 shares of Bank of Suffolk County and 31 shares of National Bank of Alaska, all claimed by Mrs. Tilney, were pledged.

Upon entry of the judgement against Governmental as aforementioned, your deponent and his counsel communicated with the Long Island National Bank for the purpose of arranging the liquidation of the loan and for a turn-over of the excess collateral to the Receivership estate. The Bank, complying with instructions of Mr. Tilney, refused to liquidate the loan and

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periodically renewed the same.

At the time the demand for liquidation of the loan was made, it had been reduced to $62,000.00 - the Bank holding the same collateral - and, in addition, $32,000.00 in a cash escrow fund. In effect, the loan was reduced to approximately $30,000.00.

Your deponent urged the Bank to sell the Alaska State Development Corporation note, applying the proceeds in full satisfaction of the loan. In reply, the Bank asserted that there was no market for same. As a consequence thereof, your deponent negotiated with the Alaska State Development Corporation and received a firm offer from it to buy in the note for $65,000.00. This information was communicated to the aforementioned officer of the Bank who advised that he would not sell the note on such terms and if your deponent elected to sell same as a judgement creditor of Governmental, the Bank would refuse to comply with deponent's request for delivery of the note against the sale.

A proceeding was commenced in Supreme Court, Nassau County, petitioning for an order directing said Bank to liquidate its loan and turn over the excess collateral to the Receiver. On the return day of the motion, the Court made a ruling that issues of fact were present which necessitated a trial. Unfortunately, because your deponent had to obtain many extensions of time on the offer from Alaska State Development Corporation, same was cancelled by the Corporation subject to re-negotiation of the sale price when, as and if a Court order is obtained directing the Bank to liquidate.

Subsequently, your deponent and counsel made a conditional tender of an amount sufficient to pay off the Bank's loan so that the collateral could be turned over to the Receiver, but the Bank refused to accept said tender. Counsel is now in the process of preparing papers to bring on before this Court an application for an order directing the Bank to liquidate its loan and to turn over the excess collateral.

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Payment to Creditors

By direction of this Court, a distribution to certain creditors of 65% of their respective claims was made on or about June 14, 1971. Your deponent checked each claim to be paid with his accountants and also confirmed such claims to be accurate by consultation with Mr. Tilney. Your deponent liquidated Receivership assets which were invested in Government bonds, Government notes and Certificates of Deposit to make payments to approximately 190 creditors of the Receivership estate. Addresses of all claimants were double-checked with the accountants and Mr. Tilney for accuracy, and the preparation of the payment checks, the covering letter, etc., were all handled by deponent and his office.

Mainly, the first partial distribution was to the customer creditors of Tilney & Company, and there remained for determination and approval various other claims, including disputed customers' claims, commercial and miscellaneous creditors. Generally, there was no great disparity with respect to the amounts claimed by the creditors except in a few instances. DuPont, Glore-Forgan was claiming an amount in excess of $3,000.00 and, after consultation with counsel and deponent's accountants, an offer in settlement of 50% of the claimed amount was made to and accepted by DuPont. Counsel for Mr. Tilney and Tilney & Company in this proceeding submitted a bill for services rendered prior to the Receivership. An examination and study of the bill indicated that some portion of the services were not rendered to Tilney & Company and/or Tilney, but to a Tilney-controlled corporation. Counsel for Tilney agreed to a reduction and, on said basis, the claim was settled.

Deponent, in conjunction with his accountants and counsel, prepared a final list of claims for payment (including those partially paid and non-paid claims), which was presented by petition to this Court on an application for an order to make payment. The Court issued an order providing for the payment of all claims with a few exceptions. The excepted claims have been approved

and/or compromised in settlement and, at this juncture, there is an order before this Court requesting approval of payment of these claims.

During the month of October, 1971, the balance of 35% was paid on the filed and approved claims of claimants heretofore having been paid 65%. Customer creditors of defendant Tilney and Company have been paid 100% of their filed and approved claims, as reflected by your deponent's checks which have cleared his bank except for ten customers. Seven of the customers' payment letters have been returned with a Post Office inscription "Addressee Unknown." Seemingly, three of the customers have not made timely deposits of their claim checks. The total monies owing these ten customers is $3,015.20. Funds for payments totalling this amount are reserved by your deponent. Meanwhile, we are checking for better addresses and are sending follow-up letters to the creditors who, it is assumed, have not deposited their checks.

All trade creditors with filed and approved claims of Tilney & Company and Frederick Tilney, individually, have been paid 100% of their claims. It is anticipated that the excepted claims, as above mentioned, will be paid within the next ten days.

It may be noted at this point that this is one of the few, if not the only, equitable receivership that has made 100% payment to all claimants before any payment of administration expenses. In addition to creditor payments, your deponent has paid insurance premiums, taxes, etc., in order to protect estate assets. These payments were not insignificant: during the year 1971, they totalled in excess of $33,000.00. Your deponent submits that a noteworthy result, thanks to the excellent and knowledgeable cooperation of his counsel and accountants, has been accomplished in the administration of this estate.

Current Status of the Receivership Estate

Your deponent, after the 100% payment as stated above, has on hand $120,000.00, which is invested in Government bonds, Government notes and Certificates of Deposit. In addition, he holds title to properties in Hicksville, Long Island, with a market value in or about the amount of $80,000.00 and, as an asset of the Receivership estate, defendant's residence, "Sundown" on Centre Island, Long Island, with an estimated value, after payment of the outstanding mortgage, of $100,000.00. The Long Island National Bank holds as collateral assets, as hereinbefore mentioned, which should redound to the Receivership estate, with an approximate value of $100,000.00. Summarizing, it would seem that the estate has assets of approximately $280,000.00, in addition to invested cash, as above mentioned, of $120,000.00.

It is the opinion of counsel, his accountants and your deponent that there is insufficient cash on hand to defray payment of allowed administration expenses. Consequently, much additional time and effort will be required for further liquidation of assets in order to pay said expenses. Of necessity, the time required for further liquidation of assets cannot be reflected in the annexed time sheets. However, it is respectfully requested that this Court, in passing on the applications for allowances, take into consideration the additional time and effort to be expended before the termination of this proceeding.

Your deponent has read the application and made study of the time schedule attached thereto of his accountants, Hertz, Herson & Company (successors to B. Bernard Greidinger & Company). There is no objection to their requested compensation for services rendered.

The petition and time schedule of attorneys, Wagner, Quillinan and Tennant, have been reviewed by your deponent and there is no objection thereto.

As of January 1, 1972, the total time spent by your deponent amounts to 1,012 hours and 10 minutes, as reflected in the annexed time sheets.

Based on the above facts and the annexed statement of services rendered, your deponent seeks an allowance of Sixty-Five Thousand Seven Hundred Ninety and 80/100's ($65,790.80) Dollars for services rendered for the period December 18, 1967 to January 1, 1972.

Deponent has made no application for an allowance prior to the initial application which was withdrawn and which is now renewed as supplemented, nor has he made any application for reimbursement of expenses herein.

WHEREFORE, your deponent prays that an allowance of Sixty-Five Thousand Seven Hundred Ninety and 80/100's ($65,790.80) Dollars be made on account of services rendered by him without prejudice to deponent's right to apply in the future for reimbursements for disbursements made herein, said amounts to be paid out of the Receivership estate as part of the costs and expenses of administration thereof, or such other amounts as the Court shall deem fair and reasonable.

Dated: New York, New York
February 29, 1972

Joseph C. Hogan

Sworn to before me this
29th day of February, 1972.

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TRANSCRIPT OF TIME RECORDS OF JOSEPH C. HOGAN FROM FEBRUARY 27, 1970 TO DECEMBER 28, 1970, IN THE MATTER OF SECURITIES & EXCHANGE COMMISSION, PLAINTIFF, AGAINST TILNEY & COMPANY, AND FREDERICK TILNEY, DEFENDANTS

EXHIBIT A-1

DATE		HOURS
1970		
3/2	Telephone call, Hitesute, Pittsburgh, re City Commerce stock	1/4
3/3	Telephone call, Tom Coogan, F&D	1/4
	Telephone call, Greidinger, re Waddington stock, threatened law suit	1/2
	Telephone call, Hitesute, Pittsburgh, re sale of City Commerce	1
	Telephone call, Benisch, re City Commerce and Tinker	3/4
	Meeting Harris office re sale of City Commerce, etc.	1 1/2
3/5	Three calls, Hitesute, Pittsburgh	1
	Call Whitmore re City Commerce	1/2
	Call Walter Higgins re Long Island note and discussion re sale of Alaska State Development	1/2
	Call from Sassara re City Commerce, Matanuska and Spinard	1/2
3/6	Telephone discussion, Tilney, re taxes - Norwich, Xerox bill, and action - Long Island Railroad	3/4
	Conference - Benisch - re Alaska property	1
3/9	Telephone call - Juneau, Alaska - re Alaska State and letter offering Alaska State at $82,000.	1 1/2
	Discussion, Higgins, re sale of Alaska State	1/2
3/10	Discussion, Tilney, re tax - Norwich - and Governmental sale $1[illegible],000. Treasury bills	1/2
3/11	City Commerce from box for sale to Foster-Marshall	1
3/12	Discussion, Tilney, re tax sale on Norwich and Governmental	1/2
	Telephone calls to Pittsburgh, Hitesute	3/4
	City Commerce stock and powers sent to Foster-Marshall	3/4

DATE 1970		HOURS
3/16	Paying tax liens on Governmental and Norwich	2
3/23	Discussion, Tilney, re Anchorage property	1/4
	Telephone discussion Higgins on sale of Anchorage property	1/2
3/24	Lunch, Whitmore, re City Commerce	2
	Discussion, Benisch, re Anchorage property, Guardian ad Litem children, and Norwich tax liens	1 1/2
3/25	Discussion, Tilney, re Whelan and Alaska State Development	3/4
3/26	Discussion, Benisch, Anchorage	3/4
	Telephone discussion, Gunnigle, re Norwich	1/4
3/30	Discussion, Tilney, re Johnson drafts	1/2
	Telephone discussion, Higgins, re Alaska State Development note	1/4
3/31	Telephone discussion, Benisch, re Alaska State Development note and Anchorage property	1
	Study of Tinker proposal	1
	Telephone call, Whelan, Juneau, Alaska, re sale of Alaska State Development Corp. note	1/2
	Telephone call, Benisch, re above	1/2
4/1	Work on Tilney draft for interim allowance	4
4/2	Conference - Johnson and Benisch - re Tinker loan	3 1/2
	Discussion, Tilney, re proposal and taxes on Norwich	1/2
4/3	Work on Tilney interim allowance	3
4/8	Telephone discussion - Benisch - re appraisals, Norwich , and re Anchorage	1/4
4/12	Telephone discussion, Tilney, Pelham, re Spinard proxy and proposed trip to Alaska	1/2
4/13	Telephone discussion, Benisch, re Tinker, order for sale of Anchorage property	1
	Telephone call, Wakefield, appraiser, re Anchorage property	1/2
	Attempted calls, Whelan, Anchorage	1/4
4/15	Telephone calls to Whelan, Alaska, review correspondence Wagner's office re Anchorage property	1/2
	Study Greidinger interim report	1

DATE 1970		HOURS
4/16	Conference, Ormstein, Greidinger	1
4/17	Telephone call attorney Lewis, Stamford, Connecticut, re Tatro	1/2
4/21	Tilney correspondence re taxes and Central Alaska Utilities	1/2
4/23	Telephone discussion Johnson re changes in Tinker agreement	1/2
	Telephone discussion, Benisch, re above	1/4
4/24	Telephone discussion, Quillinan, re Anchorage and Tinker	1/4
	Deposit Manufacturers - Foster-Marshall check - reinvestment $35,000.00.	1/2
4/27	Sale of 10,000 shares City Commerce - Wood-Walker at 50 cents	1/2
4/28	Telephone discussion, Higgins, re appraisals	1/4
	Telephone discussion, Tilney, re father's books, Tinker, and court meeting 4/29	1/2
	Telephone discussion, Russo, re Matanuska and Alaska State Development Corp.	1/4
4/29	Court hearing re children's claims	2
5/1	City Commerce stock to Wood Walker with stock powers	1/2
	Discussion Higgins re appraisals; correspondence, Tilney, re May 7 hearing; letter to Cadwalader	1/2
5/4	Telephone discussion, Benisch, re Postley and L.I. Commercial Review; letter to Commercial Review	1
5/5	Attorney Lewis called re Tatro claim	1/2
5/7	Tilney Court hearing	2 1/2
5/8	Telephone discussion, Higgins, re McCabe appraisal	1/2
5/11	PHone call, Bergman, City tax re Tilney, letter to Tilney	1/2
	Phone call, Mr. Linde, Zalkin & Cohn, re First National City	1/4
5/12	Telephone discussion, Benisch re Postley	1/2
	Discussion, Ormstein, re Postley	1/2
5/15	Premium check, New England Mutual, telephone discussion, Tilney, re Alaska State Bank, all securities and cash for report to S.E.C.	1
	Sold 220 Alaska State	1/4
	Review all securities and count of same for Tilney	1/4

DATE		HOURS
1970		
5/19	Phone conference, Ormsten, advised re Alaska State, etc.	1/2
	Telephone discussion, Whitmore, re City Commerce debentures	1/2
	Telephone discussion, Spear, S.E.C., Washington	1/2
5/20	Telephone call, Ormsten, re appointment to check time records	1/4
5/22	Telephone discussion, Benisch, re Anchorage property	1/2
5/26	Court hearing - Postley	7 1/2
5/27	Letter Rappe re extension by payment re real estate tax, Anchorage, telephone call Wood Walker re transfer of stock, conference, Ormsten, and Hut re time schedules	3
6/1	Telephone discussion, Benisch, re distribution	1/4
6/4	Telephone call, Rappe, re bids on property	1/4
6/8	Sale 10,000 City Commerce	1/2
	Discussion Klein re liabilities and assets	1/2
6/9	Telephone discussion, Benisch, re Postley, Ormsten request to distribute	1/2
	Called Gunnigle for proposed order on Norwich	1/4
6/18	Signing 7,000 shares of City Commerce, discussion, Benisch, re indictment and effect on our estates	3/4
6/20	Telephone call, Tilney, Pelham, re bank balance and indictment	1/2
6/22	Discussion, Benisch, re Gunnigle letter of 6/16	1/4
6/26	Discussion, Tilney, re taxes "Sundown"	1/4
6/29	Called Benisch re Anchorage sale, Tilney called re taxes, called Anchorage re property	1
7/1	Called Rappe re contract to purchase Anchorage property	1/2
7/2	Called Rappe re extension of offer	1/4
	Discussion, Tilney, re taxes and Tilney, Inc. debentures	1/4
	Frank Ormsten called re meeting with Clark at Cadwalader	1/4
7/7	Telephone, Klein re time schedules on distribution	1/2
	Deposits - Wood Walker check and City Commerce dividend	1/4
7/10	Discussion, Tilney, re certifying creditors	1/2
	Ormsten re hearing	1/4
	Called Rappe, Anchorage	1/2
	Telegram - Rappe	1/4

DATE		HOURS
1970		
7/13	Tilney correspondence, taxes, Centre Island	1/4
	Telephone conversation, Tilney, re distribution	1/2
7/14	Hearing re Alaska real property	3
7/17	Checking with I.N.A. re Tilney bond	2
7/20	Kelly, I.N.A., re Tilney bond, telephone conversation, Klein, Gunnigle and Benisch re bond	1 1/2
7/21	Discussion, Tilney, re purchase Government notes and Alaska arraignment	3/4
	Killian, I.N.A., re broker's bond	1/4
7/24/	Checks to Tilney on taxes; telephone discussion with Tilney re Tinker and I.R.S. correspondence on estates	1 1/2
7/27	Telephone call - Paris - from Tilney	1/2
7/28	Mail received, Paris, from Tilney, trip to Manufacturers Hanover Bank in Paris	2
8/14	Study Tilney correspondence	1
8/15	Discussion, Pelham, Tilney re investments, his trips to Anchorage, his friends buying claims	1
8/17	Telephone call, Tilney, re investments and mortgage, Tinker; correspondence	1
8/19	Telephone discussion Tilney re purchase $370,000. Treasury bonds	1
	Matanuska dividends, call Manufacturers re purchase of bonds	1
	Study correspondence, Tilney	1/2
	Correspondence - Gunnigle-Tilney insurance documents, bank statements	1
8/20	Tilney correspondence - Matanuska, Central Alaska Utilities and bank credits	1
8/21	Tilney correspondence and bank entries	1/4
8/24	Phone Tilney re oil "Sundown"	1/4
8/26	Discussion, Benisch, re Long Island National, return date of Motion, mortgage to Tinker, waiver of judgement against Governmental attempts to sell Matanuska stock	1
	Correspondence, Tilney, re City Commerce debentures and Anchorage property	1/4
8/27	Tax and oil bills received, Tilney	1/4
	DeCastro re Matanuska and Spinard	1/2
8/31	Telephone call Sassara, Anchorage, re bid Matanuska	1/4

DATE		HOURS
1970		
9/2	Conference, Benisch, Gunnigle, re mortgage sale of Hicksville property	1
9/8	Discussion, Benisch, lien on Anchorage property	1/2
9/9	Telephone, Tilney, re "Sundown" oil	1/4
9/10	Examination Burr papers on Anchorage	1/2
9/14	Correspondence - Tilney creditors, Alaska	1/2
9/15	Letter to Sassara, call Zalkin & Cohn	1/2
9/17	Telephone discussion, Benisch, judgement, Anchorage, and distribution to creditors	3/4
9/21	Correspondence - Tilney letter - lawn mowing, telephone discussion Klein re Tilney letter to S.E.C., letter to Tilney re Boysters lien, Anchorage	1 1/2
9/24	Tilney letter re-investment bonds and opposition to motion for fees, Gessner letter and phone call to him	1/2
9/28	Conference, Benisch, Federal Court re notice to creditors	1 1/2
9/30	Discussion, Benisch, re Bloom claim, work on accounting to prepare financial report to creditors	1 1/2
10/1	Review Tilney accounts, balance sheets, letter to Gessner re Treasury bills	1
10/2	Klein and Hanrahan checking accounts	3/4
10/5	Court appearance - Federal Court - re interim allowance and notice to creditors	2
10/7	Discussion, Benisch, re statement of facts, Mrs. Tilney	1/2
	Called Spear, Washington, letter to Whalen re Alaska State Development Corp.	1/2
10/8	Discussion, Benisch, re S.E.C. Order to Show Cause opposing interim fee	1/2
10/12	Telephone conference, Pelham, Tilney re letter to creditors, order to show cause	1/2
10/14	Discussion, Greidinger, Benisch, re Order to Show Cause	1/2
10/15	Hearing - Federal Court - re application for fees	2
10/22	Subordination agreement, Tinker payment, CD Manufacturers	3/4
10/26	Discussion, Whitmore, re City Commerce offer	3/4
	Telephone conference, Benisch, re Mr. Schuster sale "Sundown"	1/2
10/27	Telephone discussion, Tilney, re Schuster sale "Sundown"	1/2

DATE		HOURS
1970		
10/28	Conference, Wagner's office, re City Commerce and general review	3
	Telephone conference, Whitmore	1/4
10/29	Telephone conference, Whitmore, City Commerce	1/2
10/30	Correspondence - Mrs. Tilney - letter re City Commerce debentures, offer on City Commerce, telephone discussion, Gilheany	3/4
11/2	Received offer, Russo, Wood Walker, on City Commerce debentures, study financial statement	1/2
11/3	Called Faherty and Russo re offer City Commerce debentures	1/4
11/4	Discussion, Benisch, re debenture offer	1/4
11/4	Telephone discussion, Gilheany, sale "Sundown"	1/2
11/5	Telephone discussion, Benisch, re sale of City Commerce debentures and Gilheany refusal to allow Schuster to show "Sundown"	1/2
	Phone conference, statistician, Wood Walker, re City Commerce debentures	1/4
	Correspondence - Tilney	1/2
11/9	Sale 900 / Matanuska Bank, discussion Russo	1/2
	Contacting Schuster re Denial of Entry	1/2
11/12	Discussion, Quigley, re City Commerce	1/4
11/13	Study documents and offer of Quigley on City Commerce	1/2
	Wood Walker re City Commerce	1/4
11/23	Tilney deposit, Matanuska, sale of City Commerce debentures	1
11/27	Conference, Quigley office, sale of City Commerce	2 1/2
11/30	Purchase Treasury bills	1/4
	Phone call, Benisch, re Anchorage property	1/2
12/3	Conference, Hanrahan, re accounts	1/2
12/4	Discussion, Benisch, re sale of Hicksville property	1/2
12/15	Discussion, Klein, re Bloom fees	1/2
12/16	Phone call - Sassara, Anchorage - re securities	1/2
12/23	Appearance, Federal Court, restraining order	2 1/2

DATE 1970		HOURS
12/24	Discussion, Hanrahan, re condemnation and Norwich search for documents	1
12/28	Telephone discussion, Benisch, re sale of Hicksville property, checks to Equitable and Burr	1
	Total hours - 3/2/70 - 12/28/70	140

TRANSCRIPT OF TIME RECORDS OF JOSEPH C. HOGAN FROM JANUARY 4, 1971 THROUGH DECEMBER 31, 1971 IN THE MATTER OF SECURITIES & EXCHANGE COMMISSION, PLAINTIFF, AGAINST TILNEY AND COMPANY, AND FREDERICK TILNEY, DEFENDANTS

DATE		HOURS
1971		
1/4	Telephone conference, Benisch, re restraining order, petition to terminate receivership	1/2
	Ormsten on restraining and petition to terminate, call from Mullalley	1/4
1/8	Telephone conference, Benisch, re Tilney stock to children and meeting with Clark	1/2
1/11	Conference, Benisch, Clark and Gilheany	3 1/2
1/12	Correspondence, Whalen, Alaska State	1/4
1/15	Telephone conference, Court, re correspondence from creditors, telephone conference, Benisch, re expunging Mrs. Tilney's claims; telephone call, Hanrahan	1
1/18	Telephone consultation, Greidinger, re 29th hearing and conference, Clark	1/4
2/11	Telephone conference, Greidinger, re hearing, phone conference, Hanrahan	2
2/16	Telephone conference re Tilney bond, Benisch	3/4
2/22	Telephone conference, Tilney, Gilheany, re City Commerce debentures and Matanuska; telephone call Bob Blaikie for Gilheany	1/2
2/24	Telephone Gilheany re bond and tax receipts from Tilney; paid Equitable premium	1/2
3/2	Telephone call, Whalen, Alaska, re Alaska State, call Tilney re bond	1/2
3/3	Telephone conference, Greidinger, re bond and interest payments to creditors	1/2
3/12	Telephone discussion, Mulligan, re creditors' claims	1/2
3/15	Telephone conference, Mulligan, re Tilney bond	1/4
3/18	Telephone conference, Quillinan, re bond	1/4
3/23	Conference, Wallace, Blaikie at Fidelity & Deposit re bond	1
3/25	Conference, Blaikie, Henderson, Wallace at Fidelity & Deposit re bond	2
	Conference - checking claims, my office, Tilney, Greidinger, Benisch et al	6
3/26	Telephone conference, Benisch, Greidinger, re claims	1/2

DATE 1971		HOURS
3/30	Luncheon conference Klein and Creidinger	2
4/6	Conference, Benisch, re Walter, to secure bond	1/2
4/8	Conference, Benisch, re Tilney April 1 letter and analysis of same	1
4/13	Telephone conference, Ormsten and Tilney	1/2
4/15	Court appearance re expunging Kinney note	3
4/27	Conference Mulligan & Klein re papers to be submitted in Court re distribution	1/2
4/28	Telephone call, Quigley	1/4
4/29	Telephone calls, Quigley and Lanzaro	1/2
4/30	Telephone call, Russo, re ASDC and Alaska Utilities, Matanuska, etc.; meeting Mulligan re petition to distribute, letter to three creditors	1 1/2
5/3	Study Tilney letter April 28, conversation, Benisch, re hearing on Thursday	1/2
5/6	Hearing, Tilney, Federal Court, re distribution	3
5/7	Telephone call, Quigley, telephone call Klein re distribution	3/4
5/17	Telephone call, Benisch, re Alaska property and payment to creditors re value of securities	4 1/4
5/18	Study Mullalley papers	1/2
5/20	Study I.R.S. documents re Governmental	1/2
5/21	Telephone discussion Klein re basis of payment of claims, discussion, Ormsten, re formal plan of distribution	1
5/27	Telephone discussion, Klein, re correspondence 5/20 and 5/21 and re letters to Long Island National Bank and Alaska State Development letter to Senator Stevens	1 1/2
5/28	Correspondence Alaska State Bank and S.E.C.	1/2
6/1	Telephone discussion, Gilheany re Tilney taxes	1/2
6/3	Letter, Benisch, re claimants, deposit Manufacturers, payment Equitable premium	1/2
6/9	Telephone discussion, Benisch, re contempt, motion in Nassau, legends on checks	3/4
6/15	Study affidavit, Nassau proceeding	1
6/16	Certification checks Tilney taxes at Manufacturers Hanover Trust, letters re same	1 1/2
6/17	Discussion, Ormsten, re payments to customers, also about hardship fees	1/4
6/22	Correspondence of Tilney, pleadings Long Island National and contempt	1

1971		HOURS
6/24	Attended Court on Tilney contempt, case adjourned	1
	Telephone discussion, Quillinan, re further distribution	1/2
6/28	Attended Court on contempt, tax letters and payments	3
7/6	Checking Tilney balance after 65% distribution	2
7/14	Hanrahan at office checking Tilney account	1 1/2
	Telephone discussion, Mulligan, re Tilney letter	1/2
7/21	Conference, Quillinan office, re claims, dividends, and Long Island National collateral	2 1/2
8/19	Accumulated correspondence, letters to Tilney customers, telephone discussion, Benisch, Mulligan and Quillinan	8
8/23	Meeting Mulligan and Greidinger at Seventh Avenue re claims	4
8/30	Conference, Wagner's office, Greidinger and Wagner	2 1/2
9/7	Meeting Tilney, McManus, Klein, re petition to distribute	3
9/8	Court appearance, Tilney, re distribution	3 1/2
9/14	Call re ad for sale of Tilney property	1/2
	Telephone discussion, Benisch, re Westinghouse security "Sundown"	1/2
9/17	Discussion, Mulligan, re sale Hicksville property	3/4
9/20	Correspondence, Tilney, re distribution, sale $10,000. bonds, checking list of creditors	1
9/21	Telephone discussion, Benisch, re Hicksville and Gilheany proposal, conference Mulligan	1
	Telephone discussion, Whitmore, re City Commerce and Alaska State	1/2
9/22	Attended sale of Hicksville property, Nassau County	5
9/29	Payments, Powell, Irving Trust, and advertising, Hicksville	1/2
	CD purchase and balancing checkbook	1/4
10/1	Discussion, Mulligan, re order for distribution and Long Island National hearing	1/2
10/5	Telephone conference, Feldman, re settlement DuPont claim	1
	Telephone discussion, Mulligan, re DuPont	1/4
10/12	Discussion, Benisch, on order of distribution, sale of Matanuska at Long Island National, letter to creditors	1

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DATE		HOURS
1971		
10/12	Telephone discussion, Miss Wendt, re updated appraisal "Sundown"	1/4
	Settled DuPont claim, Feldman	1/2
10/13	Correspondence, Tilney, discussion, Russo, re non-sale of Matanuska warrants and provisional sale of stock	3/4
10/18-19-20	Letters to customers and mailing checks	16
10/27	Telephone discussion, Quillinan and Mulligan, re Long Island National and distribution	1/2
	Called Glen Talley, Anchorage, re check	1/4
10/20	Discussion, Mulligan, re Long Island National, Matanuska pink sheets, payments First National City and American Telephone	1/2
	Conference Gilheany re check	1/4
11/2	Telephone call Alaska, Talley, correspondence, Tilney	3/4
11/5	Telephone discussion, Mulligan, re indicated dismissal of Long Island National, Lithium stock, DuPont and Hicksville	1/2
11/9	Discussion, Mulligan, re tender offer, advertising sale of Hicksville property	1/2
11/15	Check to National City Bank and release, purchase $30,000. CD's.	1/2
	Telephone discussion, Mulligan, re rent, Hicksville, and ad - sale of property	1/2
11/16	Telephone discussion, Mulligan, re fire insurance, Hicksville; called Greidinger re Matanuska	1/2
11/17	Correspondence, Tilney, and discussion re fire insurance with broker, letter to Walters, Alaska	3/4
11/18	Telephone discussion, Greidinger, re status of payments	1/2
	Telephone discussion, Wagner's office, re real estate agents for Hicksville and claim for damages "Sundown"	1/2
11/19	Telephone discussion, Ormsten, re status of estates	1 1/2
11/23	Telephone discussion, Mulligan, re taxes Nicholai Street and brokers for property	1/2
11/29	Telephone conference, Quillinan, re Long Island National and Hicksville property	1/2
11/30	Telephone discussion, Greidinger, re Tatro and DuPont	1/4
12/3	Telephone discussion, Mulligan re bills for redemption and tax for arrears on Hicksville property, tender offer on Long Island National, added claimant for Court order	1
	Study of Klein report re Mrs. Tilney s claim	1/4

DATE		HOURS
1971		
12/7	Correspondence, Tilney, re Mrs. Tilney's claim, settled Tauro claim, Lewis, Stamford	3/4
12/8	Letter to Harris re Stevenson Commercial Review note	1/4
	Telephone discussion, Mulligan, re bills for redemption of lands and his checking with County Treasurer	1/2
	Telephone discussion, attorney Flannigan, Mineola, re Rand tax liens	1/4
12/13	Telephone discussion, Mulligan, approving payment of tax liens, Hicksville property	1/2
	Sale $20,000.00 U.S. Treasury bonds	1/4
12/15	Payment tax bills, certified checks, and payment of bond premium	1 1/2
12/17	Mailed satisfaction of judgement - Industrial Commissioner - payment fire insurance "Sundown"	1/2
12/20	Conference, Hanrahan, on audit, Tilney	2
12/28	Tender letter to Long Island National Bank	1
12/30	Telephone discussion, Mulligan, re Boland letter re legend Mrs. Tilney's check	1/4
	TOTAL HOURS - 1/4/71 - 12/30/71	128 3/4
	In addition to the above list, deponent expended during the period herein reported approximately 40 hours unrecorded time with telephone calls and examining business mail and various other documents concerning Tilney & Company and Frederick Tilney	40

Total Hours for 1967	-	27 + 15 Minutes
Total Hours for 1968	-	269 + 45 Minutes
Total Hours for 1969	-	283 + 30 Minutes
Total Hours for 1970	-	182 + 55 Minutes
Average Hours Total	-	80
Total Hours for 1971	-	128 + 45 Minutes
Average Hours Total	-	40
TOTAL HOURS	-	1,012 + 10 Minutes

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

-against-

TILNEY & COMPANY and FREDERICK TILNEY,

Defendants

1967 Civil Action
File No. 4676

APPLICATION BY HERTZ, HERSON & COMPANY
(SUCCESSOR TO B. BERNARD GREIDINGER & COMPANY)
FOR ALLOWANCE OF COMPENSATION

TO THE HONORABLE DAVID N. EDELSTEIN, JUDGE
UNITED STATES DISTRICT COURT:

The application of Hertz, Herson & Company, Certified Public Accountants (successor to B. Bernard Greidinger & Company, Certified Public Accountants, merged on October 1, 1971), respectfully shows:

1. B. Bernard Greidinger & Company is the firm of Certified Public Accountants employed by Joseph C. Hogan and I. Alan Harris, as Equity Receivers, pursuant to orders of this court dated December 18, 1967.

2. All of the services for which compensation is requested herein were rendered in connection with these proceedings and in furtherance of applicant's employment and the duties and responsibilities of the receivers herein, as required under the orders of the court.

3. No previous compensation has been allowed to applicant in these proceedings from the assets of the debtors.

4. The firm of B. Bernard Greidinger & Company, Independent Certified Public Accountants (Hertz, Herson & Company, the successor) have been engaged in the practice of public accounting for a period in excess of twenty-five years, during which period they have been retained to conduct many special investigations of corporate affairs and have participated extensively in proceedings under civil actions and under Chapter X and Chapter XI of the Bankruptcy Act before various United States District Courts.

5. The instant proceedings involving the debtors, Tilney & Company (a partnership engaged in business as a security broker and dealer) and Frederick Tilney (an individual) as well as many transactions with affiliated companies, the general public (security customers), banking and lending institutions, members of Frederick Tilney's family and third parties are extremely complex and prolix. The applicant was required to expend substantial amounts of time for the purpose of investigating and reviewing the affairs of the debtors and for the prosecution and defense of various claims asserted during the course of the administration of these debtors' estates. Naturally, the promulgation and proposal of plans for legal actions and proposed liquidation of the estate in settlement of liabilities necessitated substantial use by the receivers of accounting services. It is impossible to set forth in precise detail each and every service which applicant rendered in these proceedings in accordance with its employment and the requests made upon it by the receivers and the court. Nonetheless, the following indicates the scope, magnitude and complexity of the services which were required to be rendered and were rendered by applicant in this proceeding. The following is not intended to be all inclusive but rather an explanatory recital of the nature and character of the professional services rendered herein so as to enable this court to fix the fair and reasonable value of such services for the purpose of allowing interim compensation herein. This should be read in conjunction with Application For Interim Allowance of Compensation by Wagner, Quillinan &Tennant, Attorneys for the Receivers, as well as Application For Interim Allowance of Compensation by the Receivers, which is incorporated herein by reference.

6. The professional services rendered for the Receivers covers a period of in excess of four years and falls into the following three broad areas:

A) An extensive review, examination and investigation into the complex and entangled affairs of the debtors, involving very substantial sums owing from affiliated companies as well as substantial amounts owing to various banks, customers of the security business and other claimants. Such services were followed by appropriate reports, conferences with the receivers, counsel, and interested third parties, as well as the many court hearings. Substantial services have been required in connection with extensions of accounting services and plans for recoveries of assets, liquidation of debtors' assets and settling liability claims.

B) Extensive accounting, reporting and tax services to bring the incomplete books and records of these debtors to a current status as at the date of appointment of the receivers, and

C) Substantial accounting, reporting and tax services covering the receivers' administration from date of appointment, as of December 18, 1967 to January 31, 1972.

The scope and nature of the work involved in the three areas referred to above are briefly summarized in the succeeding paragraphs.

7. Our investigation, examination and extensions thereof into the affairs of the debtors' was directed and carried out under the instructions and guidance of the receivers and counsel. The complexities of the transactions as well as the limitations imposed by reason of the incomplete and questionable state of the records created hardships in determining the underlying facts and financial position of the debtors. Substantial time was expended in review of the debtors' records as well as reference to available records of affiliated companies.

Some of the major areas covered in the broad scope of our examination and investigation, and the reports of our findings resulting therefrom, which aided the receivers and counsel to institute action for the enlargement and preservation of the debtors' estate as well as determining underlying details of alleged estate liabilities include:

a) Review of transactions and intercompany receivables from affiliated companies (Governmental Statistical Corporation, Tilney & Company, Inc., and Tilney Construction Corporation, Inc.)

b) Review of transactions with Dorothy Tilney, wife of Frederick Tilney and a limited partner in Tilney & Company, debtor.

c) Review of transactions of debtors with children of Frederick Tilney.

d) Determination of creditors and the underlying status.

e) Review of complex financing, loan and pledge transactions involving banks, affiliates and the debtors.

f) Accounting for major disbursements of the debtors' funds through business and personal sources.

g) Review of transactions involving persons, security business customers, and security brokers and dealers having done business with the debtors for purposes of ascertaining any improprieties or courses of action.

8. Upon our appointment, physical inventories were taken and prepared of the assets, books of account and supporting records of the debtors as of the date of the receivers' appointment. Such details were necessary for purposes of sale and liquidation of the debtors' assets as well as the investigation which ensued.

9. A substantial portion of the accounts relating to the pre-receivership period had not been written up to date. Various records were in disarray and/or in an incomplete state, or otherwise not available at the debtors' place of business. Substantial records were required to be reviewed, including those from Alaskan branch offices, which were turned over to the receivers.

10. In view of the limited resources and in order to conserve the estate assets, internal operations and expenditures were required to be maintained only for essential matters and were required to be performed by applicants, which included a wide variety of services.

In the circumstances, it was necessary to complement and integrate our services with those performed by the receivers and attorneys for the receivers. In addition, liaison activities were required with other interested third parties for purposes of accounting, reporting and determination of the facts.

11. Prepared financial statements and reports on the debtors as of the date of initiation of the receivership. Such reports were used for purposes of determining financial position of the debtors and in connection with legal and financial matters to be pursued by the receivers and counsel. During the course of the proceedings, numerous financial reports and communications were prepared and submitted.

12. In the interests of conserving the estate assets, the broker-dealer office of the debtors was closed. Accordingly, files and records were required to be preserved and transferred to other suitable quarters in Hicksville, Long Island. The applicant was in direct charge and care of such records and spent considerable time at the debtors' Long Island offices in rendering such services.

13. Conducted and maintained the accounts and records of the receivers since inception of the proceedings to date. Many of these services were and are being rendered on a routine monthly basis.

14. Prepared tax and information tax returns, including Federal, State and municipal. Prepared various payroll and other tax returns, which had not been filed by the debtors. Substantial time was required in connection with governmental inquiries, claims filed and meetings.

15. The applicant maintained records and is the custodian of creditor claims filed,which required analyses in connection therewith. This phase is still continuing. Of particular importance were the claims made by Dorothy Tilney and the Tilney children, which represent a major factor in determining the financial position of the debtors and ultimate payment in settlement of creditor claims. In connection therewith it has been necessary to answer inquiries and communicate with creditors.

16. Attended meetings and assisted the receivers and counsel in formulating policies and judgments involving legal and operational matters. Attendance at meetings and conferences with governmental agencies and authorities were also required.

17. Participated in court hearings for purposes of direction and guidance because of the complex nature of many of the underlying transactions and involvements of the debtors. In connection therewith, it has been necessary to prepare special analyses, review various reports and documents prepared by Frederick Tilney, Dorothy Tilney, Tinker National Bank and other interested parties.

18. Certain major matters are still pending which will require accounting and reporting services in the months ahead, including finalizing payments to creditors, final liquidation of estate assets, etc.

19. In connection with the foregoing enumerated services, covering the period from December 18, 1967 to January 31, 1972, the applicant has expended 2,484 hours, summarized as follows: partners - 680; supervisory and senior - 1,420; semi-seniors - 216; and staff assistants - 167. Conservative hourly rates charged in similar or related proceedings before the court are partners - $55; supervisory and seniors - $32; semi-seniors- $20; staff assistants - $12. On the basis of the rates and time expended, the reasonable value of services rendered on behalf of the receivers of the aforementioned debtors in this proceedings amounts to $89,180. In addition, the applicant has expended $674.77 for expenses of photocopy, transportation, footlockers, locks, etc. Accordingly, on the basis of the foregoing, applicant requests an allowance of $89,180 on account of the aforesaid services and $674.77 reimbursement for out-of-pocket expenses.

Dated: New York, N. Y.
February 29, 1972

Irving M. Bargman

IRVING M. BARGMAN
Notary Public, State of New York
No. 41-0[illegible]25
Qualified in Richmond County
Cert. Filed in New York County
Commission Expires March 30, 1973

HERTZ, HERSON & COMPANY

By: B. Richard Hertz
A Member of the Firm

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

B. BERNARD GREIDINGER, does hereby make solemn oath that he is a member of the firm of Hertz, Herson & Company, certified public accountants, the applicant named in the foregoing application and that the statements contained therein are true to the best of his knowledge, information and belief.

B. Bernard Greidinger

B. Bernard Greidinger

Sworn to before me this 29 day of ~~December, 1971~~ FEBRUARY, 1972.

INEZ M. BARGHAAN
Notary Public, State of New York
No. 43-0375
Qualified in Richmond County
Cert. Filed in New York County
Commission Expires March 30, 1973

TILNEY & COMPANY AND FREDERICK TILNEY
REIMBURSEABLE EXPENSES
DECEMBER 18, 1967 TO JANUARY 31, 1972

Description	Date	Amount
Todd Photoprint Incorporated		
Major report	8/6/68	$ 332.23
Other reports	Various	51.54
Lillian Spadin - Accounting report	8/2/68	90.00
Transportation - primarily to Hicksville, N.Y.	1968	78.00
Foot locker	1968	15.00
Mercury Messenger Service	1968-1969	18.00
Photocopy (approximately 900 copies @ $.10)	1968-1971	90.00
		$ 674.77

The foregoing excludes telephone, overtime costs incurred (food, transportation, etc.), routine typing and related office costs.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- -x

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

TILNEY & COMPANY, FREDERICK TILNEY,

Defendants.

- -x

67 Civ. 4676

AFFIDAVIT

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

TERENCE F. GILHEANY, being duly sworn, says:

(1) I am a member of the Bar of the State of New York and of this Court, and am associated with the firm of Cadwalader, Wickersham & Taft, which until the date hereof have been attorneys of record for both defendants in this action. I am fully familiar with all prior proceedings in this action. I respectfully submit this affidavit pursuant to General Rule 4 (c) of this Court in support of the instant application for an order approving the substitution of the firm of Saxe, Bacon & Bolan for Cadwalader, Wickersham & Taft as attorneys for defendants in this action. As reflected by the Consent to Change Attorney submitted herewith, both defendants and both law firms have specifically consented to this substitution.

(2) This equitable receivership action was commenced on November 28, 1967 and since its inception has

been before Chief Judge David N. Edelstein for all purposes. At this

point, it appears that the only major matter remaining before the Court is the fixing of the administrative expenses of the receivership, i.e., the fees and allowances of the receiver, the ex-receiver, and the receiver's attorneys and accountants. Final applications for these fees and allowances have been served and filed, and a hearing on these application is presently set for March 23, 1972.

(3) Since December 1970, the firm of Saxe, Bacon & Bolan, by Thomas A. Bolan, Esq., a senior partner of that firm, has represented certain creditors of the receivership estate, including Mrs. Dorothy M. Tilney and Messrs. Bartley De Buona and A. Mirabito. Mr. Bolan and his office are thoroughly familiar with this action and all proceedings had herein. There is a close community of interests between the defendants and the creditors of the receivership estate in seeing that the administrative fees and allowances are kept to an absolute minimum. In this regard, the interest of the defendants, as owners of whatever equity will remain in the estate after termination of the receivership, is self-evident. The creditors, who may yet be found entitled to interest or adjustments with respect to their claims, have a like concern. In any event, it is the defendants' intent to contest the applications for fees and allowances to the utmost, and we are advised by Mr. Bolan that he intends to do the same on behalf of those creditors whom he represents. We understand from Mr. Bolan that the opposition to the applications for final fees and allowances being prepared

by his office will include factual and legal presentation to demonstrate the excessiveness of the fees and allowances applied for, as well as certain

affirmative claims against the applicants which may operate to diminish further the fees and allowances applied for. The defendants themselves have indicated their strong wish to take a like position with respect to the applications for fees and allowances. Accordingly, the defendants believe, and this firm and Mr. Bolan's firm agree, that the most effective, expeditious and economical way to assert such opposition to the fees and allowances requested is to have the firm of Saxe, Bacon & Bolan represent all those parties and creditors who wish to assert such opposition. Also militating in favor of the substitution of Saxe, Bacon & Bolan for this firm is the fact that certain differences have arisen between this firm and the defendants with respect to the future conduct of the action on behalf of the defendants, which differences make it advisable that this firm withdraw from this action as attorneys of record for the defendants.

(4) The Court should know that Cadwalader, Wickersham & Taft will not submit any application for fees or disbursements in this action, and that no prior request for the relief sought by this application has been made. For the foregoing reasons, we respectfully request that the Court make an order permitting the substitution of Saxe, Bacon & Bolan for Cadwalader, Wickersham & Taft as attorneys of record for the defendants in this action.

/s/ Terence F. Gilheany
Terence F. Gilheany

Sworn to before me this
16th day of March, 1972.

Notary Public

mks

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK [1]

SECURITIES & EXCHANGE COMMISSION,

Plaintiff,

-against- 67 Civ. 4676

TILNEY & COMPANY and FREDERICK TILNEY,

Defendants.

Before:

HON. DAVID N. EDELSTEIN,

Chief Judge.

New York, March 23, 1972;
10.00 o'clock a.m.
(Room 618)

APPEARANCES:

FRANKLIN ORMSTEN, ESQ.,
Attorney, Securities & Exchange Commission.

WAGNER, QUILLINAN & TENNANT, ESQS.,
Attorney for Receivers;
Robert F. Wagner, Esq., and
Robert Mulligan, Esq., of Counsel.

JOSEPH C. HOGAN; Receiver.

I, ALAN HARRIS, ESQ.,
Withdrawn Co-Receiver.

CADWALADER, WICKERSHAM & TAFT, ESQS.,
Attorneys for Defendants;
William N. Clarke, Esq., and
Terence F. Gilheany, Esq., of Counsel.

SAXE, BACON & BOLAN, ESQS.,
Attorneys for Mrs. Dorothy Tilney;
Thomas A. Bolan, Esq., of Counsel.

ALSO PRESENT:

Mr. Frederick Tilney
Mrs. Dorothy Tilney
Mr. Jerry Klein
Dr. B. Bernard Greidinger
Mr. William Linden.

THE COURT: Good morning, gentlemen.

VOICES: Good morning.

THE COURT: I am ready to proceed.

We have a number of applications.

Who would like to proceed in the first instance?

MR. HOGAN: I think there is an application on the part of Mr. Gilheany.

THE COURT: I know; we have a number of applications.

We have an application from you, too, don't we?

MR. ORMSTEN: Your Honor, we have an application for an adjournment.

THE COURT: Alone.

THE COURT: You may.

MR. GILHEANY: I believe, your Honor, that the grounds for the substitution are set out in the affidavit annexed to the consent to change attorneys. There may be in your Honor's mind some apprehension that this substitution would cause delay in the ongoing proceeding in this matter, and I would like to take this opportunity to say to your Honor that it will cause no delay whatsoever.

I have had discussion on this matter with Mr. Bolan and have discussed it with him further, and I believe I can represent -- and I believe that Mr. Bolan can represent -- that he will have all papers responsive to the application for fees and allowances served and filed within the proper time limit so that there will be no delay.

MR. BOLAN: That is correct, your Honor.

THE COURT: Is there any opposition?

MR. HOGAN: Well, I wonder about the propriety of Mr. Bolan being substituted, if there isn't a conflict of interest.

Originally, and all during this proceeding, allegedly he represented the wife of the defendant Tilney, and he, as I understand it, is also representing creditors

with respect to a creditors' action to surcharge the administrators. I do not know that he can be counsel making opposition to our application for fees and also be counsel for the creditors who may have a surcharge action.

MR. HARRIS: May it please the Court, the affidavit of Mr. Gilheany states that the only major matter remaining before the Court is the fixing of administration expenses, but down below in Paragraph 3 he points out that the creditors may yet be entitled to interest or adjustment with respect to their claims.

Mr. Bolan is the counsel for several of those creditors. In that status he clearly has an interest which is adverse to the interest of the defendants. He must press the claims of the creditors for interest or profit or whatever adjustment of their claims, which is directly in conflict with the representation of Mr. Tilney and Tilney & Company.

MR. GILHEANY: May I speak to that, your Honor?

THE COURT: Yes, you may.

MR. GILHEANY: The answer to those points is that Mr. Tilney, both as an individual defendant and as the general partner of the partnership defendant is

also very anxious and very desirous that the creditors be paid interest and even market adjustments in some cases, he believes, and Mr. Tilney could put a statement to that effect on the record right now if you wish, but the fact remains that there is an exact identity of interest between the creditors and Mr. Tilney in that regard.

MR. BOLAN: That is correct.

MR. HOGAN: I think that is sophistry in the extreme. How can he be urging on the one hand the depletion of the estate which is paying interest to the customers, to the creditors.

MR. GILHEANY: Your Honor, Mr. Tilney simply wishes to see the just obligations of the receivership estate discharged, and he happens to believe, and I do not think it is an ill-taken position, that the payment of interest to the creditors who have waited so long in this receivership for the money which they eventually will have received as principal, that interest should also be paid. I do not see that it is sophistry, I respectfully submit.

In any event, the question before the Court is whether there would be a conflict on Mr. Bolan's part with regard to this interest question between his

going into it that that is the fact, and that that would be a valid basis for substitution.

THE COURT: What would be a valid basis for substitution?

MR. BOLAN: That there is a difference of opinion between Mr. Tilney and his present counsel.

THE COURT: Well, Mr. Bolan, you know entirely better than that, because we have had many cases, both on the criminal as well as the civil side, where substitution has not been permitted merely because of the vague allegation that there are differences of opinion.

MR. BOLAN: It is not a vague allegation, your Honor -- and those cases deal with questions primarily of delay. I have been in this case for over a year. There won't be any delay. We will meet the deadline beyond any question, and therefore the only question is, is Mr. Tilney required to proceed with a counsel concerning whom he has a difference of opinion.

THE COURT: Or perhaps another counsel other than you, in view of the possible conflict of interest.

MR. BOLAN: Well, we can brief that point.

THE COURT: I would ask you to brief it. I am not sure that it is easily soluble at this point

Is there any other business?

MR. HOGAN: There is one other point, if I may, your Honor. We must continue liquidation of this estate, and the liquidation for the four years that we have had this estate has been very difficult.

No. 1, because of the very hostile atmosphere that was created by the defendant and the defendant's wife who systematically wrote to all those creditors and by innuendo and otherwise making criticism of this Court, of my counsel, my accountants and myself. The order of this Court is that we continue to liquidate.

Now I attempted to have real estate agents take people, prospective customers and buyers to Syndown, the residence of this defendant. Actually they were practically chased from the premises.

At the time I talked to Mr. Gilheany, Mr. Gilheany stated to me that his client, Mr. Tilney, would not allow any realtor on the premises.

Now we have to make some effort to terminate this matter, and we cannot do it unless Mr. Tilney allows the receiver or his agents to show these premises, and also not to do any more obstructing with respect to our sale of the Hicksville property.

I think he should be so instructed today.

THE COURT: I do not think that I want to render an oral instruction but what I would suggest to you is that you prepare the appropriate papers, and if necessary we will have a hearing on it.

I think your position is tenable. I will then rule, and if I should issue the appropriate instructions pursuant to order of the Court and Mr. Tilney or anybody in his behalf should thereafter seek to violate that order, I think we will have a clear record as to the procedure of the Court under such circumstances.

I would also indicate that the original order stands, is viable and has been in no way modified and contains all the necessary powers for the receiver to go ahead and continue the liquidation. I have not stayed that order or modified it or amended it in any manner.

MR. BOLAN: Your Honor, may I point out that we have a pending application for the fixing of the fees. It may well be that after your Honor fixes these fees there will be no need at all for any further liquidation -- certainly not liquidation of Mr. Tilney's residence, so it might be premature for the receiver to make such an application until your Honor has ruled on what is really necessary to be liquidated.

SOUTHERN DISTRICT COURT REPORTERS
UNITED STATES COURT HOUSE
FOLEY SQUARE, N.Y., N.Y. 10007 TELEPHONE: CORTLAND 7-4580

THE COURT: I do not think I have to reach that question. The only question I want to reach at this point is the frustration of the receiver to show this property which is not entirely the same as saying that the property is being put up for sale.

MR. TILNEY: Your Honor, I would like to say that at no time did I take that position with Mr. Hogan. When people came to the house I showed it to them. This was three years ago, and nobody has been there since. It is a completely untrue statement.

MR. GILHEANY: And I do not recollect the statement that Mr. Hogan attributed to me.

THE COURT: Then I want Mr. Tilney to know that if the receiver wishes to show the property he may have access, that he may have it.

MR. TILNEY: That is correct. But there is going to be a suit for damages.

MR. HOGAN: I ask that the latter statement be stricken.

THE COURT: Strike it.

So that that does not seem to present any question at this time, namely, showing the property.

MR. HOGAN: Thank you, sir.

MR. GILHEANY: But, your Honor, I would ask

Island National Bank which had the effect of tying up the corporation's two small bank accounts and we therefore are not able to continue to operate in business. I believe the stipulation agreed to was that the day-to-day actions continue, and the corporations continue to exist. I would like to have an arrangement made that the checking account be deleted from this order, the restraining notice. May I have that?

MR. HOGAN: I object most strenuously. I am a judgment creditor of Governmental Statistical Corporation. Governmental Statistical Corporation has a loan with that bank, with cross guarantees by the defendant and the defendant's wife. There is a note that is collateral for this loan. The note matures in August of 1973. The amount of the note is $95,000. Efforts have been made -- there has been a tender offer to buy in the loan to get the securities as collateral for the receivership estate. It was objected to. The bank refused to go along with the tender offer, and we are now in limbo with respect to this particular account.

I have asked counsel for an order to show cause to bring on a motion in this court to order the

bank to accept my tender offer to free up these securities. Freeing the securities would, I think, mean about 80 to $90,000 for this receivership estate, so any withdrawal, so to speak, of the restraining order, particularly in view of this note of $95,000 would be to the prejudice of the estate.

MR. TILNEY: Mr. Hogan, I was not referring to the collateral security; I was referring to the very modest checking accounts that are necessary to operate the business. If you wish to push Governmental Statistical Corporation out of business, close down the checking account.

MR. BOLAN: Your Honor, may I interject? I understand this restraining order was put into effect a year ago, and when they put in the order they exempted the account, and this new restraining order is merely to cover the expiration of the old one which expired after a year. All Mr. Tilney is asking is that the same arrangement he had under the existing restraining order be continued. There are only a few hundred dollars in the checking account. It involves the operation of the company. Without it they cannot exist. It has nothing to do with the matters that Mr. Hogan speaks of, the collateral or anything else.

SOUTHERN DISTRICT COURT REPORTERS
UNITED STATES COURT HOUSE
FOLEY SQUARE, N.Y., N.Y. 10007 TELEPHONE: CORTLAND 7-4580

This has remained frozen, or what have you, and exempting the restraining order from the checking account doesn't bear on that situation.

MR. HOGAN: Your Honor, there are many banks in Long Island, and I think Mr. Tilney could open another checking account.

THE COURT: How much is there?

MR. HOGAN: It is $300 belonging to Governmental Statistical Corporation -- it belongs to me as a creditor of Governmental Statistical Corporation.

THE COURT: You mean the $300?

MR. HOGAN: The $300.

MR. TILNEY: $300! There wasn't even that much in the account.

MR. HOGAN: Well, all right.

MR. TILNEY: It is just harassment to tie up the business and it puts me in an untenable situation.

THE COURT: I think what Mr. Hogan is trying to say, whether it is valid, that the $300 more or less is still money belonging to the creditors.

Isn't that what you are saying?

MR. TILNEY: What creditors, sir?

MR. HOGAN: I do not know that we have to answer that question. They are preferred creditors.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
- - - - - - - - - - - - - - - - - - - x

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

67 Civ. 4676

- v -

A F F I D A V I T

TILNEY & COMPANY,
FREDERICK TILNEY,

Defendants.
- - - - - - - - - - - - - - - - - - - x

STATE OF NEW YORK)
:
COUNTY OF NEW YORK)

THOMAS A. BOLAN, being duly sworn, deposes and says:

Deponent is counsel to the firm of Saxe, Bacon & Bolan. This affidavit is being made in support of the application of Cadwalader, Wickersham & Taft to permit substitution of Saxe, Bacon & Bolan in place of it as attorneys for the defendants.

Saxe, Bacon & Bolan has acted for Dorothy M. Tilney, Bartley DeBuona and A. Mirabito, creditors in this proceeding. The Receiver and the withdrawn co-Receiver have objected to this proposed substitution on the grounds that there would be a conflict of interest

for Saxe, Bacon & Bolan to now act as counsel for the defendants as well as the aforesaid creditors.

There is in fact no conflict of interest, as the said creditors and Mr. Tilney are in agreement on all issues remaining open in the receivership. As Terence F. Gilheany, Esq., of the firm of Cadwalader, Wickersham & Taft pointed out in oral argument on March 23, 1972, Mr. Tilney is of the opinion that the creditors should be paid interest. They are also

in agreement on the question of administration expenses. Also, Mrs. Tilney (who is the wife of the defendant Tilney) and Messrs. DeBuona and Mirabito, tradespeople of long acquaintance with the Tilneys, are in agreement that any further liquidation of Mr. Tilney's assets should be vigorously opposed.

In any event, to eliminate any possibility of a conflict of interest, deponent has obtained and attaches hereto general releases from the three afore-said creditors running in favor of the defendants, conditioned on the application for the substitution of attorneys being granted.

As pointed out in the moving papers, defendants and their present counsel are in substantial disagreement at the present time and desire Saxe, Bacon & Bolan as their attorneys. Deponent has been par-

ticipating in these proceedings for more than a year and is fully familiar with them. No delay of any kind will be occasioned by the substitution.

/S/ Thomas A. Bolan

Sworn to before me
March 28, 1972.

Notary Public

To all to whom these Presents shall ...

Greeting: KNOW YE, That DOROTHY M. T...

~~Centre Island, Oyster Bay, New York~~ Freeport, New York,

Centre Island, Oyster Bay, New York 11771

for and in consideration of the sum of One ($1.00) Dollar

lawful money of the United States of America to DOROTHY M. TILN...

FREDERICK TILNEY and TILNEY & COMPA...

the receipt whereof is hereby acknowledged, have remised, released, and fo... ...rged a...
these presents do for myself, my
heirs, executors, and administrators and assigns, remise, release and fo... ...rge the ...

FREDERICK TILNEY and TILNEY & COMPAN... eir

heirs, executors, administrators, successors and assigns of and from all manner ...tions, causes ...
action, suits, debts, dues, sums of money, accounts, reckoning, bonds, bills, spe... ..., covenants, co...
tracts, controversies, agreements, promises, variances, trespasses, damages, judgme... ...tents, execution
claims and demands whatsoever, in law, in admiralty, or in equity, which against

FREDERICK TILNEY and TILNEY & COMPANY, I

ever had, now have or which my heirs, executors,
or administrators, hereafter can, shall or may have for, upon or by reason of any ...tter, cause or thing
whatsoever from the beginning of the world to the day of the date of these presents provided that
the Court permit Thomas A. Bolan to substitute as attorney in the ...eiver ship
proceedings now pending in the United States District Court, Southern District
of New York (67 Civil 4676).

This release may not be changed orally.

In Witness Whereof, I have hereunto set my hand and seal
the 27th day of March 1972.
Sealed and delivered in the presence of

Dorothy M. Tilney L.S.

State of NEW YORK County of NASSAU ss.:

On the 27th day of March 1972 before me personally came

DOROTHY M. TILNEY

to me known, and known to me to be the individual described in, and who executed the foregoing instrument, and duly acknowledged to me that she executed the same

CHARLES MOYSES
NOTARY PUBLIC, State of New York
No. 30-2603265
Qualified in Nassau County
Cert. filed with Clerk of ... County
Term Expires ... 1973

Charles Moyses

922

To all to whom these Presents shall come or may Concern,

Greeting: *KNOW YE, That* BARTLEY DE BUONA, residing at Route 106, Muttontown-Syosset Post Office, New York 11709

for and in consideration of the sum of One dollar ($1.00) *lawful money of the United States of America to* BARTLEY DE BUONA *in hand paid by* FREDERICK TILNEY and TILNEY & COMPANY *the receipt whereof is hereby acknowledged, have remised, released, and forever discharged and by these presents do for* myself, my *heirs, executors, and administrators and assigns, remise, release and forever discharge the said* FREDERICK TILNEY and TILNEY & COMPANY, their *heirs, executors, administrators, successors and assigns of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckoning, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever, in law, in admiralty, or in equity, which against* FREDERICK TILNEY and TILNEY & COMPANY, I *ever had, now have or which* my *heirs, executors, or administrators, hereafter can, shall or may have for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of these presents;* provided that the Court permit Thomas A. Bolan to substitute as attorney in the receivership proceedings now pending in the United States District Court, Southern District of New York (67 Civil 4676).

This release may not be changed orally.

In Witness Whereof, I *have hereunto set* my *hand and seal the* 27th *day of* March *19* 72.

Sealed and delivered in the presence of

Bartley De Buona L.S.

State of NEW YORK **County of** NASSAU ss.:

On the 27th *day of* March *19*72 *before me personally came* BARTLEY DE BUONA

to me known, and known to me to be the individual described in, and who executed the foregoing instrument, and duly acknowledged to me that he executed the same

CHARLES HOYSES
NOTARY PUBLIC, State of New York
No. 30-2002265
Qualified in Nassau County
Cert. filed with Co. Clks. Off. and Reg.
Term Expires March 30, 1973

Charles Hoyses

To all to whom these Presents shall come or may Concern,

Greeting: *KNOW YE, That* A. MIRABITO, residing at

33--B Venetian Way, Miami Beach, Florida 33139

for and in consideration of the sum of One

dollars ($ 1.00)

lawful money of the United States of America to A. MIRABITO *in hand paid by*

FREDERICK TILNEY and TILNEY & COMPANY

the receipt whereof is hereby acknowledged, have remised, released, and forever discharged and by these presents do for myself, my *heirs, executors, and administrators and assigns, remise, release and forever discharge the said*

FREDERICK TILNEY and TILNEY & COMPANY, their

heirs, executors, administrators, successors and assigns of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckoning, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever, in law, in admiralty, or in equity, which against

FREDERICK TILNEY and TILNEY & COMPANY, I

ever had, now have or which my *heirs, executors, or administrators, hereafter can, shall or may have for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of these presents,* provided that the Court permit Thomas A. Bolan to substitute as attorney in the receivership proceedings now pending in the United States District Court, Southern District of New York (67 Civil 4676).

This release may not be changed orally.

In Witness Whereof, I *have hereunto set* my *hand and seal the* 27th *day of* March *19* 72.

Sealed and delivered in the presence of

A. Mirabito L.S.

State of NEW YORK *County of* NASSAU *ss.:*

On the 27th *day of* March *19*72 *before me personally came*

A. MIRABITO

to me known, and known to me to be the individual described in, and who executed the foregoing instrument, and duly acknowledged to me that he executed the same

CHARLES MOYSES
NOTARY PUBLIC, State of New York
No. 30-2802265
Qualified in Nassau County
Cert. filed with Co. Clks. Off. and Reg.
Term Expires March 30, 1973

Charles Moyses

924

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION
Plaintiff,

- against -

TILNEY & COMPANY
FREDERICK TILNEY
Defendants.

67 Civil 4676

AFFIDAVIT

FRANKLIN D. ORMSTEN, being duly sworn deposes and says:

1. I am an attorney on the staff of the Securities and Exchange Commission in its New York Regional Office.

2. I submit this affidavit in partial opposition to the applications of the Receiver, Counsel and Accountants for final Administrative fees.

3. The Receivership has now paid all creditors 100 cents on the dollar.

4. Nonetheless it is respectfully submitted that the work of the Receivership has not been, and will not be concluded, until the customers of Tilney and Company receive interest payments on their original investments made with Tilney & Company.

5. Since the customers of Tilney & Company have been deprived of the use of their money, during the pendency of the Receivership, now in excess of four years, the Court is repectfully, but strongly urged to order the payment of interest to those customers at a rate of 6% running from the inception of the receivership to the date on which they received reimbursement.

6. It is to be emphasized that fair and equitable administrative fees are not opposed, to the extent that they reflect demonstrable work performed; however such fees should be paid at the conclusion of the receivership's remaining business which is, of course, the payment of interest to customers.

7. In connection with this application, there is a sufficient corpus in the estate, out of which both interest payments and fair and equitable administrative fees can be paid.

8. In conclusion, it is respectfully submitted as a pre-requisite to the award of any administrative fees, the court direct the payment of 6% interest to the customers of Tilney and Company.

/S/ Franklin D. Ormsten
FRANKLIN D. ORMSTEN

Sworn to before me this
13th day of April, 1972

NOTARY PUBLIC

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

v.

TILNEY & COMPANY,
FREDERICK TILNEY,
Defendants.

67 Civ. 4676

AFFIDAVIT

CITY OF WASHINGTON)
) ss
DISTRICT OF COLUMBIA)

DAVID FERBER, being duly sworn, deposes and says:

1. I am the Solicitor of the Securities and Exchange Commission in the Office of the General Counsel of the Commission in Washington, D.C., which Office has general supervision over all litigation in which the Commission is involved (with certain exceptions not pertinent here). This affidavit is respectfully submitted in response to a request that I understand Judge Edelstein's law clerk transmitted to Mr. Ormsten of the Commission's New York Regional Office, who has actively participated as attorney for the Commission in this litigation. I understand that Judge Edelstein would like an explanation of the reason the Commission will not be in a position to submit by April 19, 1972, recommendations as to the amounts of final allowances it believes would be appropriate for the receivers, their counsel and their accountants in the above case.

2. Toward the end of March I was advised by an attorney in this Office who had been assigned to this case that applications for allowances

had been filed and a recommendation thereon had been received from our New York Regional Office. I inquired whether the

security holder creditors of Tilney & Company had been paid in full, with interest, and was advised that while they had received the principal amount of their claims they had not received interest. In answer to my further inquiries, I was advised that there were insufficient liquid assets to pay the interest and the fees requested and that the application for allowances contemplated liquidating sufficient additional property of the defendants to provide for payment of the fees requested. I was further advised that it appeared that there were sufficient assets that could be liquidated to pay the accrued interest as well as reasonable allowances.

3. It appeared to me that there was a question whether it would be appropriate to grant final allowances when it could not be known how much additional work might be required by way of additional liquidation of the debtor's estate in order to pay the investor-creditors in full, with interest, and to pay appropriate allowances, or, indeed, before it could be certain whether there would be sufficient, after appropriate allowances, to pay such interest.

4. Accordingly, I suggested that the Court be advised that we recommended that allowances be postponed until there would be sufficient liquidation to take care of reasonable allowances and to determine if the estate would be sufficient for the balance of the claim of the investor-creditors. If it then should appear that the investor-creditors would be paid in full, with interest, the amount of allowances would not affect

public investors, and, accordingly, the Commission's interest in seeing that the fees are not excessive would be minimized.

5. On the afternoon of Friday, April 14, I was advised by Mr. Ormsten that Judge Edelstein's law clerk had told him that the paper we had filed in accordance with my suggestions was deemed inadequate

and that Judge Edelstein wanted our recommendations as to the amounts of fees by the hearing set for April 19. I requested Mr. Ormsten to request a two-week extension. The reasons for my doing so were:

(a) unlike some positions taken by the Commission in litigation, a recommendation as to the amount of fees to be paid to court officers, such as receivers and their counsel, is invariably passed upon by the Commission itself;

(b) there was a serious question as to an apparent conflict of interest respecting one claimant;

(c) prior to sending any memorandum to the Commission, it would be necessary for this Office and the New York Regional Office to attempt to agree with each other as to the appropriate amounts recommended and, in this connection, to consult with attorneys in the Commission's Division of Corporate Regulation who recommend to the Commission the positions to be taken on fees in situations under the Public Utility Holding Company Act and under Chapter X of the Bankruptcy Act;

(d) the Commission normally meets only on Tuesdays, Wednesdays, and Thursdays and prefers to receive staff memoranda several days in advance, if possible, particularly where there might be disagreement between

offices or divisions of the staff; and

(e) the junior attorney assigned to assist in the supervision of this case in this Office had left this Office several months ago and had not been replaced and the only other attorney working under me on this case is busily engaged in appellate and other litigation.

6. While certain of the matters set forth in Paragraph 5, supra, could have been resolved subsequent to the time I first learned of the fee application, in the light of the position I had

felt appropriate to take in court, there did not at that time appear to be any need for then resolving those issues. In the light of what I understand to be Judge Edelstein's view that he would like to have the Commission's recommendations presented promptly, we shall make every effort to present a recommendation to the Commission as soon as possible. It is doubtful, however, in the light of the problems set forth above, that it will be possible to submit the Commission's recommendations to this Court until late in the week of April 24.

7. I sincerely regret that my position in this case may have caused Judge Edelstein any inconvenience.

/S/ David Ferber

Sworn to before me this 17th day of April 1972.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,

- against -

TILNEY & COMPANY, FREDERICK TILNEY, Defendants.

SUPPLEMENTAL AFFIDAVIT IN OPPOSITION TO APPLICATION FOR FEES AND IN SUPPORT OF APPLICATION FOR SURCHARGE

----------x

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

FREDERICK TILNEY, being duly sworn, deposes and says;

That I am the general partner of Tilney & Company and am myself a defendant in this action;

That I reside at Centre Island, Oyster Bay, New York 11771, and that I have resided at the same location and same home since 1927;

That the only business left to this receivership is limited to:

1. The payment of interest to customer creditors of Tilney & Company which at 6% will require an additional distribution by the receiver of $40,833.13 computed from December 17, 1967 to the ultimate dates of payment by the receiver, June 14, 1971 and October 20, 1971 and in one instance projected to April 20, 1972.

2. The relinquishment of a certain stipulation concerning the activities of Governmental Statistical Corporation, Tilney & Company, Inc. and Tilney Construction Corporation, Inc. which was entered into in open Court on February 27, 1968 beginning with line 11 of page 86 and ending with line 1 of page 87 in the transcript of that hearing.

3. The consideration by the Court of the establishment of a very limited reserve fund to cover unknown contingencies. The fund can be very small due to the length of time the receivership has run.

4. The establishment by the Court of the final fees and allowances which were requested in the amount of $309,405.80 plus disbursements of $4,549.33.

5. The establishment by the Court of a surcharge for damages against the receiver, the ex-receiver, their counsel and accountants.

6. Arrangement for the return to the control of Tilney & Company and of myself of our residual assets at the earliest practicable moment.

That beyond the receivership I have substantial moral obligations including adjustment to former customer creditors of Tilney & Company who have already received their basic investment cost at par and will receive interest thereon as suggested by the United States Securities and Exchange Commission in their affidavit over the signature of Franklin D. Ormsten, Esq., dated the 13th day of April 1972, assuming approval by the Court. These moral obligations can be liquidated as soon as the receivership is terminated.

That these moral obligations to the customer creditors of Tilney & Company that might be the concern of this Court and the United States Securities and Exchange Commission have been established by this deponent at approximately $43,500 after the payment of 6% interest suggested in the aforementioned affidavit of Franklin D. Ormsten, Esq., on behalf of the United States Securities and Exchange Commission if the Court allows 6%.

That it is the deponent's intention that these moral obligations

be honored at the earliest practicable moment after the termination of the receivership;

That a very substantial portion of the interest of approximately $40,833 which the United States Securities and Exchange Commission is requesting the Court to direct the receiver to distribute to customer creditors as well as a very substantial portion of the moral obligation of approximately $43,500 due customer creditors are directly attributable to the accumulated delays on the part of the receiver, the ex-receiver and their retainers to move expeditiously to terminate the receivership;

That as of May 31, 1968, the accountants for the receivers -- at that time B. Bernard Greidinger & Company -- prepared an uncertified statement which showed that Tilney & Company had a net capital deficiency of $68,554.13 (see Exhibit A, B. Bernard Greidinger report as of May 31, 1968). This report of the accountants is filed in the docket.

That this report of B. Bernard Greidinger & Company was first presented to the Court and to this deponent on August 6, 1968 (see pages 108 through 138 of hearing of August 6, 1968); that in the report of B.Bernard Greidinger & Company it was indicated that deponent had a personal capital deficiency of $67,033.33 (see Exhibit D, B. Bernard Greidinger report of May 31, 1968);

That on July 31, 1968, deponent prepared a confidential report attached hereto and marked Exhibit E which indicated the net worth of Tilney & Company was $223,351.22; that in this report the D. Raymond Kenney & Company account was carried at $125,000 whereas the receivers settled this claim for $85,000 or a loss of about $40,000. As a result, the net worth would have to be revised downward to $183,351.22 as opposed to the

deficiency shown in the Greidinger report; the difference was approximately $250,000. Report was delivered to the receivers on August 6, 1968.

Based on the May 31, 1968 Greidinger report, a report to creditors was prepared as of July 31, 1968 which showed a net deficiency of assets as opposed to liabilities of $50,089. At the same time, the net deficiency of assets as opposed to liabilities of deponent as of July 31, 1968 was established at $69,346. This financial report was attached to a memorandum to creditors of Tilney & Company and deponent and was dated October 31, 1968 over the signature of the receivers.

In the report reference was made to a contingent liability involving a suit by the City of Nome, Alaska, in the amount of $4,000,000 which the receivers indicated had little or no merit. The memorandum to creditors with the July 31, 1968 financial figures attached was mailed out on December 16, 1968 on about which date the Nome litigation was substantially (See Exhibit F)

settled by deponent at a cash cost to the receivers of $20,000 which was agreed to by deponent in order to clear the way for an immediate distribution to all creditors. The suit of the City of Nome, as indicated in the receivers' report to creditors, had little merit. Governmental Statistical Corporation under the same settlement agreed to reduce an account receivable to it from the City of Nome, again for the sole purpose of clearing the way for an immediate distribution to creditors. The agreement to make the contribution to the City of Nome was based on the

assumption that all creditors would speedily receive their funds and securities, there being no other major liabilities against the receivership that could not be covered by simple adjustment as outlined in the confidential report (Exhibit E).

That as of June 30, 1969, B. Bernard Greidinger & Company submitted a report showing total assets of Tilney & Company as $339,104 (see Exhibit A, Part I of Greidinger report in case docket). Liabilities on the same day in Exhibit A, Part II, were reported at $294,729.

That on July 24, 1969, deponent submitted to the receivers a report which indicated the assets of Tilney & Company should be valued at $413,431 and the liabilities excluding family and inter-company claims amounted to $262,747. The figures were as of June 30, 1969.

That the Greidinger report indicated a net worth of $41,956 while deponent's report indicated a net worth of $150,684;

In a subsequent report dated October 31, 1970, Greidinger, Hoffberg & Oberfest reported Tilney & Company's tangible assets at $443,835 against liabilities of $330,736 with a resulting net worth of $113,099.

In a subsequent report as of June 30, 1971, Greidinger, Hoffberg & Oberfest reported total assets of Tilney & Company at $396,736 and total liabilities of $242,550, resulting in a net worth of $154,186; this net worth was after a distribution in June 1971 to many creditor accounts.

That on October 31, 1971 in a statement the accountants -- then Hertz Herson & Company -- reported a net worth of $200,872. No subsequent reports have become available since the report of October 31, 1971. All creditors have been paid or payment has been authorized.

That fees and allowances of the receiver, ex-receiver, counsel and accountants on an interim basis to the early part of 1970 had accrued to an amount of approximately $210,000 and that by the end of 1971 the total had reached $310,000. Based on time records, the weight of activities occurred in the first eighteen months of the receivership; thereafter the work load of the receivers and their retainers declined sharply. There is no need to measure the amount of activity undertaken by the receivers on behalf of deponent whose small debts with the major exception of the Marine Midland Tinker National Bank note, one half of which was the liability of his wife, consisted of a total of only $13,000 of obligations that the receiver finally paid. Tilney & Company was the cause of the receivership -- not Frederick Tilney as an individual.

On the basis of the reports by the accountants for the receiver measured against deponent's estimate of Tilney & Company's net worth, the wide divergence in the early days of the receivership raises substantial questions as to the quality of the work performed by the accountants for the receivers.

The net worth of Tilney & Company as established by the receivers on various dates as well as by deponent is indicated in the following tabulation which also sets forth the estimated accrual of fees and allowances that were accumulating as the receivership progressed over a four-year period.

	Net Worth per Receiver or Accountants		Tilney & Company Defendant's Figures of Net Worth		Estimated Accrued Fees
	Positive	Negative	Positive	Negative	
5/31/68	-	$ 68,554	$223,351	$ --	$ 70,000
7/31/68	-	69,346	223,351	--	80,000
6/30/69	$ 41,956	--	150,684	--	150,000
10/31/70	113,099	---	--	--	230,000
6/30/71	154,186	--	--	--	250,000
10/31/71	200,872	--	--	--	290,000

It appears impossible to reconcile the great difference between the figures presented by the deponent and the accountants for the receiver. Quite apparently the estimate of the deponent of the net worth value proved accurate in the light of the changing figures of the accountants for the receivers.

The decline in net worth in deponent's figures between May 31, 1968 and June 30, 1969 can be attributed to two major items:

(1) A settlement which the deponent vigorously opposed with D. Raymond Kenney & Company at a figure of approximately $40,000 less than should have been collected.

(2) A payment to the City of Nome, Alaska, in the amount of $20,000 which was only agreed to by deponent to facilitate the closing of the estate.

The growth of the fee structure appears to be the answer to the phenomenon of the difference in net worth figures portrayed by the accountants for the receiver and by the deponent. The lower the equity could be made to appear, the longer the receivership would last.

The incurring of unnecessary administrative expenses is apparent in this receivership. Failure to close the receivership when it could have been done easily with simple arrangements with only a handful of large creditors who were willing to take property mitigated against the best interests of all creditors as well as the remainderman.

The following matters were handled incompetently by the receivership to the damage of the estate:

(1) The sale in July 1968 of approximately 6,000 shares of Matinecock Bank, Locust Valley, N. Y., on information and belief without following the procedures prescribed under Sections 2001 and 2004, Title 28 of the United States Code, just prior to a merger with the Hempstead Bank, Hempstead, N. Y.; deponent was strongly opposed to the liquidation and had requested appraisals. Deponent was fully aware of the merger prospects and reflected it to the receivers and their counsel. The liquidation of the Matinecock Bank stock as carried out by the receivers created a damage of not less than $180,000. (See Exhibit B)

(2) The sale in July 1968 of the controlling interest in The Waddington Bank, Waddington, N. Y., wherein the resigned receiver, I. Alan Harris, appeared as a principal involved in the acquisition of a valuable asset from the estate at a figure less than its fair market value in association with another. This resulted in a loss of not less than $100,000 to the estate. The transaction was labeled as "tainted" by the United States Securities and Exchange Commission, resulting in a recision of the sale and the resignation of I. Alan Harris. (See Exhibit D)

During the period from the date of the original sale to Messrs. Harris and Studley to the date of the auction on September 24, 1969, money market conditions reduced all bank stock values. This sale was strongly opposed by deponent who requested appraisals.

(3) The settlement in November 1968 at less than par of a judgment against the firm D. Raymond Kenney & Company for $85,000 on a judgment of $121,000, resulting in a loss of not less than $36,000 exclusive of damages beyond money due. The settlement was vigorously opposed.

(4) The sale in the summer of 1968 of approximately 4,000 shares of the Alaska State Bank, Anchorage, Alaska, on information and belief without following the provisions of Sections 2001 or 2004, Title 28 of the United States Code, resulting in a loss of not less than $40,000.

(5) On November 24, 1970, 947.8 shares of Matanuska Valley Bank stock, Anchorage, Alaska, I am informed were delivered against payment of $17,972.66. The stock during November, 1970, was never quoted at less than 24 bid in the quotation sheets in the Anchorage Daily Times. The 947.8 shares, therefore, had a market value of $22,549.60 as a minimum on the bid side, a difference of almost $5,000. On December 21, 1970,50 shares of Matanuska Valley Bank stock were delivered against payment of $948.12. As of December 22, 1970, the quoted price in the Anchorage Daily Times was 25 bid, no offering, or a bid value of $1,250, a difference of $301.88. Currently the Matanuska Valley Bank stock has been trading at 35. The indicated loss on this transaction would appear to be no less than $10,000.

(6) On December 1, 1970, the receiver liquidated $58,844 par value of City Commerce Corporation (Anchorage, Alaska), 7% Debentures due July 1, 1971, for $41,833. These debentures were due and payable on July 1, 1971, seven months after the date of their sale. The matured value plus interest to July 1, 1971 amounted to about $59,800, resulting in a loss to the estate of approximately $18,000.

It is incomprehensible in view of all circumstances why a maturing security was sold at a discount particularly since these debentures were a first lien on all assets of a bank holding company.

(7) The settlement made in the City of Nome, Alaska, suits for $4,000,000 against the receiver, Governmental Statistical Corporation and Mrs. Tilney can only be justified on the basis of expediency. In this deponent and the ex-receiver and receiver all were in agreement. After the suit had been filed, which could have been prevented, the first consideration was to clear out the suit so that it would not impede an immediate distribution to all of Tilney & Company and Frederick Tilney creditors.

As events turned out, it would have been advisable to have contested the suit since no distribution was even considered by the receivers until January 1971. The cost of the settlement with the City of Nome was $20,000 to Tilney & Company, surrender of an account receivable by Governmental Statistical Corporation and no payment by Mrs. Tilney. Each entity paid its proportionate share for legal services in Alaska.

Failure of the receivers to require a receipt and release when Tilney & Company signed off in favor of Boettcher & Company on March 8, 1968 permitted the suit, at least against the receivers, Tilney & Company and Governmental Statistical Corporation.

For a detailed history of the Nome litigation and circumstances, see page 6 of Exhibit A attached.

The damage due to the failure to obtain the receipt and release would be the amount paid by Tilney & Company of $20,000 and the loss of value of the account receivable of Governmental Statistical Corporation of $56,000 and estimated legal expenses of $2,500 for a total of $78,500. (See Exhibit E)

8 Additional payments to customer creditors: It is assumed that customer creditors will receive interest totaling approximately $42,000 and there are market and other adjustments to customer creditor accounts that will cost $43,500. The total of additional

payments to customers on account of interest and adjustments will be approximately $84,500. Since the receivership should have been closed within 1 1/2 years at the maximum but was held open artificially for an additional three years, the cost of market adjustments and interest should be borne two thirds by the receiver, ex-receiver and their retainers. The damage in this case would, therefore, be $56,340.

9 Tilney & Company, Inc., which was formed in January of 1966 for the purpose of taking over the tax-exempt bond business of Tilney & Company, has been unable to operate because of a stipulation agreed to in Court by Mr. Tilney, giving the receivers veto power over this company and several other closely associated with Mr. Tilney. Under the circumstances, no activities were carried out in the tax-exempt bond field by Tilney & Company, Inc. and as a result of the long delay that company has been damaged to the extent of $50,000.

10 Governmental Statistical Corporation, a corporation of which the majority of the stock is in the hands of the receiver being the property of the deponent or Tilney & Company, has been restricted in its operations due to the stipulation required to be given at the inception of the receivership. Due to the lack of any liaison or any reasonable understandings of the operations of Governmental Statistical Corporation on the part of the receiver, ex-receiver or their retainers, Governmental Statistical Corporation has suffered a serious loss of business. Its properties in Hicksville, N. Y., have been liquidated unnecessarily and great additional expenses have been incurred by the corporation in connection with detailed work carried out for the receiver. In view of these circumstances, Governmental Statistical Corporation requests a surcharge of $150,000. Said proceeds of surcharge would be payable to the corporation and not to deponent. The damges include legal expenses, loss of time, storage of records.

11 Efforts were made by the receiver, ex-receiver and their retainers to expunge certain valid claims of members of my family. A large number of these were expunged. This work was unnecessary in view of the fact that members of deponent's family were willing to take unpledged property as collateral for their obligations; damage of $75,000.

12. The receivers and their retainers undertook a calculated program of harrassment in connection with the liquidation of deponent's home which based on accurate figures would never have been a necessary item after the settlement of the Nome litigation -- damage of $25,000.

13. On June 28, 1971, the surviving receiver and counsel elected to bring a civil and criminal charge against deponent and his wife in connection with contacting creditors who had obviously developed

a community of interest with deponent in the matter of obtaining a speedy closing of the receivership. Damages to deponent in the amount of $25,000.

14 Deponent suffered a loss of income due to the extended period of the receivership beyond its normal and reasonable span. Damages of 3 years of loss of income, $60,000.

(Page 8)

15 Loss of income on investment capital, $500,000 @ 6% for three years -- $90,000.

16 General damages caused by delay -- $50,000.

The foregoing items of damages and the damages caused by the unnecessary delay in the administration of the estate amount to a total of $908,840.00 and it is respectfully requested that the receiver, the ex-receiver and their retainers be surcharged in that amount.

That the ex-receiver, receiver, counsel and accountants did knowingly delay the closing of the receivership and the distribution of funds to valid creditors for a period of years beyond the necessary time solely in the interests of creating additional fees and to avoid surcharge for their wrongful acts; that these acts would constitute a fraud and conspiracy to defraud not only deponent but deponent's creditors.

That in support of this motion there are attached and made a part hereof affidavits in the matter of the Matinecock Bank transaction in Exhibit B; affidavits of creditors reflecting on the actions of the ex-receiver, receiver and their retainers in Exhibit C and an affidavit of Harry S. Pack, Esq., covering the matter of the Waddington Bank in Exhibit D.

For the foregoing reasons, it is respectfully urged that the Court grant the deponent's petition by affidavit for surcharge, reduction of

fees and enjoin the further liquidation of receivership assets until the fees are established and the surcharge determined.

/S/ Frederick Tilney
Frederick Tilney

Sworn to before me this
17th day of April 1972.

Notary Public

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, -against- TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	:	67 Civ. 4676

AFFIDAVIT IN SUPPORT OF A MOTION TO TERMINATE THE RECEIVERSHIP, PAY INTEREST TO CUSTOMER CREDITORS, REDUCE THE AMOUNT OF THE FINAL FEES AND ALLOWANCES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND FOR PRELIMINARY AND PERMANENT INJUNCTION

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

FREDERICK TILNEY, being duly sworn, deposes and says:

I reside at Centre Island, Oyster Bay, New York 11771 and have resided there since 1927.

I am the individual defendant in this action and sole general partner of Tilney & Company, the partnership defendant. This affidavit is submitted to terminate the receivership, to reduce the final fees and allowances of the receiver, the ex-receiver and their retainers and for a permanent injunction against further liquidation of as yet unliquidated receivership assets.

Final fees and allowances have been applied for by I. Alan Harris, the ex-receiver, in the amount of $57,500, by Joseph C. Hogan, Esq., the

receiver, $65,790.80, by counsel to the Receiver, Wagner, Quillinan & Tennant with Robert G. Benisch, Esq., of counsel in the amount of $96,935 and by the accountants for the Receiver (formerly B. Bernard Greidinger & Company; later Greidinger, Hoffberg & Oberfest and currently Hertz Herson

& Company in an amount of $89,180. The total of these fees is $309,405.80 and in addition expenses not previously reimbursed are requested in the amount of $4,549.33. The surviving receiver, Joseph C. Hogan, in submitting the Notice of Motion for Fixing of Allowances dated March 1, 1972, did not include any reference to ex-receiver Harris who had submitted an interim application, later made final, after the abrupt termination of his services, in the amount of $57,500.00 and disbursements in the amount of $2,084.70 of which $1,550.04 had been paid out of receivership funds, leaving a balance of $534.60 included in the total expenses of $4,549.33. No other expenses have been paid by the receivership, on account of reimbursement of disbursements.

Attached hereto and marked Exhibit A is a study of the time charges of the receiver, ex-receiver and their retainers. This study clearly demonstrates that the fees are exorbitant in relation to the quality of and the demonstrable work performed. The study divides the functions of the receiver, ex-receiver and counsel into 93 different categories and the functions of the accountants into 44. These were later consolidated into 101 categories where the services rendered could be measured for the receiver, ex-receiver and counsel on the same basis as the work performed by the accountants with, however, certain functions peculiar to the

accountants. The study is based on a conversion of time to dollars and is divided into five basic groups, Tables A through E.

In Table A all items of work not of benefit to the estate are listed for elimination. In Table B items of work that produced little or no demonstrable results for the benefit of the estate are listed for a reduction of 50%. In Table C work primarily designed as services on behalf of creditors is listed for a reduction of 1/3 due to the incompetent and inept manner that the receivers and their retainers handled creditor relationships. In Table D time charges requiring special notations are listed; no reduction in the amount of time consumed is involved. In Table E normal administrative expenses of time are shown in their face amount.

The elimination of all time in Table A, a 50% reduction in Table B and the 1/3 reduction in Table C reduces the allowable time from #309,405.80 to $145,163.00 as outlined in Table G on page 14 of Exhibit A. This table also takes into account the expunging for obvious reasons of all fees and allowances of I. Alan Harris for cause.

Hourly rates claimed are not in keeping with the rates that should be charged in an equity receivership. The rates used were those that a satisfied commercial client would question. The hourly rate of Joseph C. Hogan, Esq., presumably was based on the hourly rate he would charge a satisfied client when acting as an attorney. Since the surviving receiver had counsel at all times, his hourly rate could not be that of a practicing attorney and should be reduced to 55% of his indicated hourly rate when practicing as an attorney. The fees and allowances of Wagner, Quillinan &

Tennant and Robert G. Benisch, Esq., of counsel, are exorbitant particularly for an equity receivership and should be cut 25% on that part of the demonstrable work performed.

During the first two years of the receivership, Mr. Hogan computed his time at $64.00 an hour; in the last two years of the receivership, his hourly rate was computed at $77.36.

The rates charged by the accountants are three times the normal hourly rates which would pertain in an equity receivership where the equity remainderman in the final analysis has to pass on the true quality of the work as well as the volume.

On the basis of Exhibit A, it is respectfully requested that the final charges of Joseph C. Hogan be reduced to $18,242.40; that the charges of Wagner, Quillinan & Tennant with Robert G. Benisch, Esq., of counsel, be reduced to $40,255.50 and the accountants of the various firms involved to $19,438.00. For the sake of simplicity, these figures could be rounded to $20,000, $40,000 and $20,000, respectively, for a total of $80,000.00.

The remaining business of the receivership is, of course, the payment of interest to customer creditors and on this point I wholeheartedly

support the position of the United States Securities and Exchange Commission in the affidavit of Franklin D. Ormsten, Esq., dated April 13, 1972, and welcome the position taken in that affidavit. At 6% the total cost of interest to customer creditors on the basis of their paid out value will be a maximum of $40,833.31 assuming payment of $112.00 to the last customer creditor, Aubrey Bills, as of April 20, 1972.

There are moral obligations beyond interest which will survive the receivershipif the Court follows the recommendation of the United States Securities and Exchange Commission and authorizes an immediate distribution of interest. The total cost to Tilney & Company and myself as general partner of meeting these obligations will be approximately $43,500.00.

Based on a report of Hertz Herson & Company submitted as to the cash liquid position of the receivership estate as of October 31, 1971, it would appear that the receiver currently will have on hand the following resources without the necessity of further liquidation.

Cash or equivalent	$184,007	(1)	
Miscellaneous securities and recoveries	3,200	(2)	
Recovery from I. Alan Harris - Jack Studley cost of Waddington sale	6,700	(3)	
Estimated income and increment over expenses and disbursements, October 31, 1971 - May 15, 1972	13,000	(4)	
			$206,907
Payments required to complete 100% distribution			
Interest to customer creditors	$ 18,342	(5)	
Expenses of receivership	40,833	(6)	
Fees and allowances	13,000	(7)	
Disbursements of receivers, etc.	80,000		
	4,015	(8)	
			156,190
Balance			$ 50,717
Defendant, Tilney & Compamy, has a moral obligation to customer creditors to adjust their accounts to market and include dividends where more favorable than interest to be paid after the termination of the receivership			43,500
			$ 7,217

Notes to Foregoing Table

* (1) Report of Hertz Herson & Company, October 31, 1971 (Exhibit A, page 1) :

Current assets	
Cash surrender value on life insurance less loan principal and interest	$158,847
Less marketable securities	26,686
Plus adjustment	(1,536)
	10
	$184,007

(2) Miscellaneous marketable securitis and receivable from Dorothy M. Tilney for acquisition of one account and other small items.

(3) Due to the "tainted" transaction of I. Alan Harris and Jack Studley in the acquisition of The Waddington Bank stock of Tilney & Company, all costs of the resale, carried out pursuant to provisions of Title 28, Section 2004, of the United States Code, should be reimbursed to the surviving receiver.

(4) Subject to final audit.

* (5) See Hertz Herson & Company schedule (Exhibit A, page 2); adjusted for actual payments and verbal expunging of one item of $133.00 by the Court on March 23, 1972.

(6) Computed on actual distribution at 6%, 365-day basis, 184 days to the half; interest beginning from December 17, 1967 to June 14, 1971 and October 20, 1971 except for Aubrey Bills which is assumed to be paid April 20, 1972.

(7) Guardian ad litem, Louis D. Blum & Company, Dorothy M. Tilney for advance of rent at One Wall Street, New York, N. Y., in 1968.

(8) In view of the motion to expunge the claim of I. Alan Harris for fees and allowances, his remaining expenses would presumably be forfeited.

* The Hertz Herson & Company report referred to was delivered to the Court and all parties and should be a part of the docketed record of the case; the Exhibit and pages referred to are in that report.

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On September 22, 1971, over strong objection the Receiver sold at a Sheriff's sale in Mineola, Long Island, N. Y., two valuable parcels of property belonging to Governmental Statistical Corporation against which corporation the Receiver held a judgment in a substantial amount. The Receiver also held the controlling stock of Governmental Statistical Corporation and 80% of the outstanding debt securities of that corporation upon

which holding the judgment was based. In undertaking this sale, the Receiver actually was destroying an asset he was required to protect and nurture.

These valuable properties, appraised at approximately $125,000, were bid in by the Receiver for a net book cost of $38,466.00. This action cost the Receiver approximately $5,000 in cash expenses and in addition a substantial amount of time, $9,207.00, of personnel of the receivership. (See items 63, 73, and 83, page 9 of Exhibit A attached).

In addition, the Receiver was required to pay immediately, before receiving the Sheriff's deed, approximately $10,000 in real estate taxes which had accumulated on the properties while the action to foreclose was pending. The property in the report of the accountants as of October 31, 1971 is carried at a value to the Receiver of $38,466 (see accountant's report, Exhibit A, page 1).

If one of these properties is liquidated, I will be further irreparably injured in that my place of business (headquarters of Governmental Statistical Corporation) will be lost and I will be forced to find other business space at undoubtedly a greater cost to me and to the corporation.

Furthermore, one of the parcels which may be sold is contiguous to a third parcel which is also owned by a corporation which I control. The price at which that Governmental parcel could be sold for separately would be much lower than the price to be realized for the two parcels if sold together with a contiguous parcel. This property is much more valuable to me as a unit.

If liquidation of the receivership assets is permitted to continue, there have been strong indications that the receiver will undertake to sell my home, Sundown, Centre Island, New York. Such a sale of my home, which I own subject to mortgage of less than $20,000 net, would be an incalculable and irreparable loss to me.

Facts of record strongly indicate that the administration expenses for this receivership should be fixed at no more than $80,000, thereby allowing the receivership assets to be enjoined, and irreparable injury to me avoided. The primary consideration is the small size of the receiver-

ship estate. Particular considersations with respect to the individual applicants for fees and allowances are as follows:

I. Alan Harris: During the time when Mr. Harris occupied a fiduciary position as co-receiver, he sold receivership assets (shares of stock in the Waddington Bank) to a personal friend, a transaction which the Securities and Exchange Commission has characterized on the record in this proceeding as "tainted". In addition, 100 shares of Waddington Bank stock were transferred into Mr. Harris' name on his appointment to the Board of Directors of the Waddington Bank in March 1969. He misrepresented to the Court (Ex. D).

Mr. Harris was also directly involved in the sale of a control block of 6,066 shares of stock in the Matinecock Bank which was sold on May 10, 1968 at $20 per share. Page 42 of Mr. Harris' application states that he had a meeting in March 1968 with Mr. Bellingham, President of the Matinecock Bank. Mr. Harris (see Exhibit B attached) never met with Mr. Bellingham in regard to discussing the future and/or value of the Matinecock stock. The

sale of the stock in May 1968 resulted in a loss to the receivership estate because of the fact that Matinecock was in continual negotiation with several other banks on Long Island for the purposes of a bank merger. Had Mr. Harris properly administered the sale of this asset, he would have been compelled to speak with Mr. Bellingham regarding the future of his bank. Such a discussion would have resulted in Mr. Harris' learning of the impending merger and would have necessarily prompted him to delay the sale of such stock until the merger negotiations were completed.

The stock of the Matinecock Bank which represented the swing shares in any merger arrangement was delivered to Blyth & Company in June 1968. D. Raymond Kenney, a debtor to the estate, was allegedly the buyer from Blyth & Company (see pages 53, 54 and part of 55 of transcript of hearing on April 7, 1969, a mimeographed copy of which is attached for the convenience of the Court and marked Exhibit B, Item 3).

As it turned out, the news of the merger resulted in the rise of value of Matinecock Bank shares from the sale price of $20 per share to $25.

Subsequently other merger proposals from a large city bank were made to the Hempstead Bank and the price of the stock moved even higher.

The acquisition of the stock by D. Raymond Kenney as alleged by Mr. Harris with the transaction physically taking place in late June, 1968, and with Blyth & Company retaining control (see Exhibit B, Item 1) and the eventual partial settlement at cents on the dollar of the debt of D. Raymond Kenney appear to be interrelated.

Had Mr. Harris followed the procedure outlined in Title 28, Sections 2001 and 2004 of the United States Code in the matter of appraisals

discovery of the merger probabilities and the true value of the stock would have been developed rather than using proceduree which might normally apply to small and unimportant holdings and at the same time would have avoided any charge of "taint" in a transaction which Mr. Harris admits was being made with a debtor to the estate.

RECEIVER JOSEPH C. HOGAN:

With respect to the compensation to be granted to the remaining receiver, Joseph C. Hogan, reference is made to the fact that in the various activities of I. Alan Harris in connection with the Waddington transaction and the Matinecock transaction Mr. Hogan himself is in no way blameless. It was Mr. Hogan who negotiated the sale of the Waddington stock to Blyth & Company, knowing full well that the ultimate buyer was D. Raymond Kenney who later had the stock reoffered in the street at a mark up of almost 40% after he thought he had purchased the securities; that cancelling this transaction at the behest of Mr. Harris was at best a peculiar transaction particularly in view of the fact that Blyth & Company, according to the transcript, was required to pay D. Raymond Kenney a damage claim of $4,500.

In the matter of the Matinecock transaction, Mr. Hogan accompanied Mr. Harris on the trip to Glen Cove and did state that he [illegible]t officers of the bank there which is a transparent falsehood.

Mr. Hogan's treatment of creditors who sought information about the status of their accounts has been woefully lacking since he became the sole receiver. This situation, however, has prevailed throughout the receivership.

The fact that Mr. Hogan was apparently unfamiliar with Sections 2001 and 2004 of Title 28 of the United States Code as it pertains to the liquidation of personalty assets must be laid at the doorstep of the counsel for the receivers. If these sections had been applied, the estate would have avoided serious losses in the liquidation of both the Matinecock and Waddington shares.

In view of all circumstances and pending further actions, the remuneration of Mr. Hogan should be set at no more than $20,000.

COUNSEL TO RECEIVERS: WAGNER, QUILLINAN & TENNANT WITH ROBERT G. BENISCH, ESQ., OF COUNSEL

The close association of counsel and the ex-receiver and receiver in the matter of the administration of this estate places them in a position of culpable responsibility for the delay, inaction and treatment of the creditors.

Counsel for the receivers should have advised them on the provisions of Sections 2001 and 2004 of Title 28 of the United States Code as it pertains to the liquidation of personalty assets such as Matinecock and Waddington as well as realty.

It is respectfully requested that their fees and allowances be set at no higher than $40,000.

ACCOUNTANTS FOR RECEIVERS: B. Bernard Greidinger & Company; then Greidinger, Hoffberg & Oberfest; currently Hertz, Herson & Company

The accountants have submitted only sketchy time sheets which are difficult to follow. Their work was largely copying the certified audit of Louis D. Blum & Company which was made at the behest of the United States Securities and Exchange Commission and the accuracy of which has never been

disputed and the records of Tilney & Company which supported that audit.

The estate, involving as it did only 150 creditors and a handful of asset items required no great collection of data to establish the true picture.

The figures presented by the accountants at various times during the course of the receivership continually emphasized a condition of bankruptcy through eliminating valuation on assets and increasing liabilities above their correct amount. Through this device the Court and the United States Securities and Exchange Commission were led to believe that further liquidation of assets was necessary to cover a gap when in fact the only purpose of holding the receivership open was to allow fees to accumulate.

The total number of check written by the receivers is approximately 600 and this number could have reduced had distribution of 100% been made after the hearing on January 29, 1971. The accountants, however, indicated that only 65% could be made at that time whereas a few months later a 100% distribution was made without further liquidation.

The willingness of the accountants to accept valuations established by the receivers led to grievous misstatements of the correct status of the receivership estate and thereby permitted the receivers and their retainers to keep the receivership going ad infinitum and to mislead the Court and the United States Securities and Exchange Commission.

It is respectfully requested that their fees and allowances be set at no higher than $20,000.

Throughout the receivership contact with creditors by the receivers has been very limited. Under date of October 31, 1968, based on financial

figures allegedly prepared by Receiver Harris with the assistance of counsel, based on the accountant's report of May 31, 1968 updated by two months, creditors were notified of the status of the estate through a letter. While the letter was dated October 31, 1968, it was not physically mailed until December 16, 1968 (see affidavit, Exhibit C-2).

The delay in furnishing figures to the creditors and then furnishing erroneous figures led many of the creditors to believe that their accounts were worthless. At least 10% of the creditors in number made deductions on their income tax returns for complete capital or bad debt losses and the decision to take this step must have been based on the October 31, 1968

letter which clearly indicated a condition of bankruptcy.

The service that the creditors have received and their attitudes towards the services are best exemplified in the attached affidavits in Exhibit C.

FREDERICK TILNEY

Sworn to before me this
17th day of April 1972.

Notary Public

EXHIBIT A

to

AFFIDAVIT OF FREDERICK TILNEY
DATED APRIL 17, 1972
IN SUPPORT OF MOTION TO REDUCE FEES
OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS
AND TO SURCHARGE FOR DAMAGES

STUDY OF TIME CHARGES OF RECEIVER, EX-RECEIVER,
THEIR COUNSEL AND ACCOUNTANTS IN THE MATTER OF
THE RECEIVERSHIP OF TILNEY & COMPANY AND FREDERICK TILNEY
67 CIVIL 4676, SOUTHERN DISTRICT OF NEW YORK

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SUBJECT: TIME CHARGES OF RECEIVER, EX-RECEIVER, THEIR COUNSEL AND ACCOUNTANTS IN THE MATTER OF THE RECEIVERSHIP OF TILNEY & COMPANY AND FREDERICK TILNEY 67 CIVIL 4676, SOUTHERN DISTRICT OF NEW YORK

The receiver, ex-receiver, their counsel and accountants submitted interim applications for fees and allowances in 1970 after the receivership had been in progress for over two years. Subsequently all but the application of I. Alan Harris, the receiver who had resigned due to a "tainted" transaction with assets of the estate, were withdrawn. The interim application of I. Alan Harris became final at his request.

The surviving receiver, his counsel and accountants submitted applications for final fees and allowances for the period ending December 31, 1971, except for the accountants who carried their time records forward into January, 1972.

In order to evaluate the work of the receivers, studies have been prepared by Governmental Statistical Corporation analyzing the various categories of work accomplished by the receivers and their retainers. The purpose of the study was to make possible an analysis in depth of the value and quality of the work performed and to measure the time rates charged against the background of the work performed and current standards and practices.

In order to accomplish this, Governmental Statistical Corporation broke down the various functions in the receivership into 93 different categories applied to different phases of the work carried out in the receivership insofar as the receivers and their counsel were concerned. In the case of the accountants, the breakdown of work was divided into 44 different categories.

The breakdown of time charges and money with pennies dropped is indicated for three specific periods -- 1967-68, 1969-70 and the period since the interim applications were filed 1970-71.

	Receivers				
	Harris	Hogan	Counsel	Accountants	Total
1967-68	$38,525	$19,008	$24,922	$40,795	$123,250
1969-70	18,480	25,174	17,296	20,615	81,565
1970-71	--	20,791	51,285	27,770	99,846
	$57,005	$64,973	$93,503	$89,180	$304,661
Unallocated	495	818	3,432	--	4,745
	$57,500	$65,791	$96,935	$89,180	$309,406
Final	$57,500	$65,791	$96,935	$89,180	$309,406

EXHIBIT A
to
AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

A breakdown of monetary charges by items made by the receivers, their counsel and accountants is included in Tables A through E following. Where the work of the accountants corresponds to the nomenclature of the description of the work performed by the receivers and their counsel, they have been placed on the same line. Where they do not, they have been added at the bottom of the tables with their description and a number assigned, which numbers go beyond the highest number, 93, assigned to categories of work in evaluating the hourly claims of the receivers and their counsel.

Table A lists those items which, for specific reasons following the table, should be entirely expunged as a basis of time expenditure without regard to rate.

Table B includes those items where time reports are excessive in relation to the work performed and where a drastic cut of 50% in the charges should be made before evaluating the hourly rates applied to the work.

Table C covers the work performed by the group in connection with servicing of creditors' claims including examination, claim analysis, correspondence, answering of complaints and communications with creditors. In view of the very poor relationship maintained with creditors as noted by communications directed to the Court, the Securities and Exchange Commission, as well as to the defendants, a minimum of 1/3 of the time charged should be eliminated before evaluating the hourly rate charges.

Table D covers items where some special notation seems indicated in analyzing specific actions of the receivers and their retainers and where adjustments are required prior to evaluating the relative merits of the basic hourly rates.

Table E generally covers normal administrative expenses and the items in this table are subject only to adjustment on the basis of hourly rates.

TABLE A

ITEMS SPECIFICALLY DELETED IN FULL

No.	Description Of Work Performed	Receivers Harris (1)	Receivers Yogen (2)	WOT (3)	Account-ants (4)	Total (5)
1	General	$7,163	$6,301	$2,571	$ --	$16,035
2	Not Allocated	3,381	815	4,026	6,358	14,580
15	Waddington Bank, prior to 4/69	631	352	379	--	1,362
16	Waddington Bank, after 4/69	1,872	6,631	4,117	--	12,620
19	CSC	247	1,386	2,219	--	3,852
22	Brooke V. Postley, Repros	--	991	675	--	1,666

No.	Description Of Work Performed	Receivers Harris (1)	Receivers Hogan (2)	WOT (3)	Account-ants (4)	Total (5)
31	Alaska Trip	$4,693	$ --	$2,955	$ --	$7,648
37	L. I. National Bank	468	1,251	8,120	--	9,839
40	Matinecock Bank Stock	891	544	--	110	1,545
45	Retention of Warner, Quillinan & Tennant	65	--	--	--	65
60	Supplemental Time added	4,986	5,120	--	--	10,106
62	Alaska State Dev. Corp.	--	244	264	--	508
70	Contempt	--	329	1,923	--	2,252
80	Subsequent Meetings or Calls, Harris	--	309	330	275	914
		$24,397	$24,273	$27,579	$6,743	$82,992

NOTES TO TABLE A COVERING EACH ITEM NUMBER

1 General time not allocated; cannot be considered as a basis for a charge in an equity receivership.

2 Time not allocated falls in the same category as general time.

15 Since The Waddington Bank transaction between the estate and Messrs. Harris and Studley as co-conspirators was permitted by the surviving receiver and counsel over the objections of Mr. Tilney and a damage by D. Raymond Kenney was collected against Blyth & Co. because of the cancellation of the transaction whereby Blyth & Co. was selling the stock to Kenney so as to permit the co-conspirators to acquire the stock at a slight advantage to the estate over the Blyth-Kenney sale which had been consummated, all known to the receivership group, no charges for time should be permitted in this transaction which was rescinded by the Court due to its "taint."

16 The time cost for reselling The Waddington Bank stock should not be a responsibility of the corpus of the estate in view of the "taint" referred to in Item 15 above. Substantial Court time not clearly defined in the accountants' time records must have been included in their request in connection with attendance at The Waddington auction and hearings and meetings pertaining thereto which are not pinpointed in this analysis but would serve as a further deduction on the time records of the accountants.

19 Governmental Statistical Corporation time is primarily that charged against the Long Island National Bank matter referred to in Item 37 following.

22 All time in the matter of the Brooke V. Postley examination should be eliminated since defendants indicated to the receivers at the very inception that the matter could have been settled by correspondence and an exchange of papers.

31 Alaska trip charges on behalf of ex-receiver Harris were so sketchy as to be meaningless and no allocation of work performed was ever made by counsel.

37 Alleged assets of the receivership at the Long Island National Bank covered by cross guarantees have been sought by the receiver through Court action although not needed to liquidate the estate. The extensive time run up in this matter should not be charged to the corpus of the estate particularly in view of the fact that the efforts of the ex-receiver, receiver and counsel have never borne any fruit. See Items 19 and 62.

40 In view of the allegations as to the impropriety of the liquidation of the Matinecock Bank stock, all time in connection with the sale should be eliminated.

45 This time is eliminated due to the request to expunge all payments to I. Alan Harris due to his involvement in the "tainted" Waddington transaction and other acts.

60 This item is similar to Items 1 and 2. No specific information has been furnished as to what the item covered.

62. See Item 37. The Alaska State Dev. Corp. note is part of collateral.

70 The contempt charge, first civil and then criminal, leveled against Mrs. Tilney and Mr. Tilney for allegedly interfering with the receivership is without foundation. It was merely an effort to gag Mr. and Mrs. Tilney who have a definite community of interest with all of the creditors of the receivership and have every right to contact and talk to them in an effort to mutually protect themselves.

80 The surviving receiver, counsel and accountants should not charge time for associating with the ex-receiver who resigned due to a "tainted" transaction.

TABLE B

ITEMS WHERE TIME REPORTS ARE EXCESSIVE IN RELATION TO WORK PERFORMED

No.	Description of Work Performed	Receivers Harris (1)	Hogan (2)	WQT (3)	Account-ants (4)	Total (5)
3	Fees and Applications	$ 260	$ 2,660	$ 4,093	$ 908	$ 7,921
17	Kenney	858	592	7,994	--	9,444
18	Nome	1,346	2,368	1,669	--	5,383
27	FT Reports & Corres.	163	4,706	187	--	5,056
36	R. Michaels	--	--	1,030	--	1,030
56	Kenney, Later Claim	26	328	1,380	--	1,734
61	Preparation of Application	2,600	--	12	--	2,612

o.	Description of Work Performed	Receivers Harris (1)	Receivers Hogan (2)	WQT (3)	Account-ants (4)	Total (5)
1	City Commerce Debentures, Sale of after 1/1/70	$ --	$ 1,334	$ --	$ --	$ 1,334
2	Matanuska Valley Bank, Sale of	--	190	--	--	190
2	Examination of Records	--	--	--	17,340	17,340
3	Preparation of Reports	--	--	--	24,840	24,840
		$ 5,253	$12,178	$16,365	$43,088	$76,884

Notes to Table B covering each numbered Item

3 While the preparation of applications for fees and allowances is a recognized cost of administration, the relative size of this estate and its minimal number of creditor claimants should have made the preparation of applications simple. Also see Item 61.

7 The receivers recommended the acceptance of a settlement of $85,000 on a stated judgment which should have produced approximately $130,000 with interest. They failed to take into account an arrangement previously agreed upon with the debtor which would have permitted a recovery of an additional sum over a long-term basis without jeopardy to the position of the debtor. The time involved in obtaining such a poor settlement should be a subject of drastic reduction. The counsel for the defendants and the defendants raised strong objections in Court to the settlement which settlement had sinister overtones in view of the actions carried out with the debtor Kenney through Blyth & Co. involving the liquidation of The Waddington Bank stock and the placement at a lower than real value of a substantial block of Matinecock Bank stock. The Waddington and Matinecock transactions with D. Raymond Kenney took place in the spring of 1968 and the settlement with D. Raymond Kenney was made in the fall of 1968.

D. Raymond Kenney later asserted a claim (see Item 56) which resulted in considerable expense currently requested in legal fees to the estate which could have been avoided had the receivers obtained a proper receipt and release from Kenney.

The City of Nome, Alaska, had entered into an underwiting agreement with Tilney & Company in connection with a Sewr and Water System in 1963; Tilney & Company had taken over this contract from Ira Haupt & Company after that company's failure to facilitate the completion of the project which was largely federally funded. As the program at Nome went on, various difficulties were experienced in the construction of the Sewer and Water facility and as a result the City eventually sued the contractor, after his suicide, through his bonding company for the entire cost of the System and was awarded damages.

Prior to the closing of Tilney & Company that company was making every effort to place the Sewer and Water Revenue Bonds of the City of Nome but was blocked, first, by the difficulties in establishing that the System would be viable as

a revenue project and, secondly, that Alaska laws prohibited the bonds from being sold at a higher rate than 6%. Being unable to perform, the bond issue was not sold to meet certain temporary obligations falling due and was later placed through the efforts of Boettcher & Company of Denver who required Tilney & Company to sign off on the commitment. The receivers were requested as to their position and they ordered the signing of the agreement without first obtaining a receipt and release from the City for any damages.

Shortly after Tilney & Company had signed off to the City, the City brought suit against Tilney & Company, Frederick Tilney, Governmental Statistical Corporation and Dorothy M. Tilney for $1,000,000 each, alleging damage for failure to perform. This suit was settled by the receivers of Tilney & Company, paying the City of Nome $20,000 and Governmental Statistical Corporation at the behest of the receivers writing off $56,000 due it by the City for fiscal advisory services in connection with the issue. Negotiations regarding the City of Nome were largely carried on by counsel in Alaska representing the receivers, Governmental Statistical Corporation and Dorothy M. Tilney; bills for these services were paid by the receivers, by Governmental Statistical Corporation and by Dorothy M. Tilney.

The failure of the receivers to obtain a proper receipt and release from the City when the bond issue was being renegotiated with Boettcher & Company permitted the City to enter a suit which on the basis of the damage award to the City against the contractor's surety company had no foundation in fact since the bonds would be unmarketable and the City would be in default to Tilney & Company since the System, according to the suit which produced the damage award to the City was unworkable and, therefore, bonds could never have been sold without misinformation to the public. It is more than possible that the City's suit against the contractor, deceased, and now his surety company was based on fraud. The method used by Boettcher & Company to place the issue involved arrangements with the State of Alaska and Alaska financial institutions not known at this time.

27 Examination of reports and correspondence with Frederick Tilney if actually accomplished and attention paid to detail would have resulted in a material saving in the requested administration expenses of the estate, both as to time and expense.

36 The cost of collecting a $1,000 note held by Frederick Tilney from a person formerly employed by him who had assets and earning power, requiring merely the obtaining of a judgment and the garnisheeing of his salary.

56 See Item 17.

61 See Item 3

81 & 82 Liquidations in the latter part of 1970 were the final liquidations at least until October 31, 1971 and both were made at sacrifice prices costing the estate approximately $25,000 to $40,000 as against real and true value. The liquidations in view of all circumstances were not required at the time they were made and on July 1, 1971 the Debentures of the City Commerce Corporation would have been paid, and were to others, at par plus interest. The Matanuska Valley stock in the interveing period had doubled in value.

102 The work of the accountants in examining the records of Tilney & Company was made relatively simple by the fact that Tilney & Company had reports which it had filed with the Securities and Exchange Commission clearly defining the exact position on the date the firm was closed, August 9, 1967, including its interrelationship with affiliated companies.

The accountants also could rely on a certified audit as of August 9, 1967 prepared by Louis D. Blum & Company which supported the unaudited figures furnished to the Commission as requested. No variation of any consequence has been found between the reports submitted to the Commission, the certified figures of Louis D. Blum & Company and the eventual figures that were developed during the receivership with only manor exceptions.

In view of the condition of the records and the small number of potential or actual claimants, particularly in the public area, should have made the examination of records very simple. All records were centralized and available after the closing of Tilney & Company at Governmental Statistical Corporation's office in Hicksville, L.I., N. Y.

The records of Mr. Tilney were extremely simple consisting of cash books, check books and income tax returns with schedules of assets and liabilities furnished immediately when requested which have never been refuted.

103 This item primarily involves the first report furnished the receivers as of May 31, 1968 and was used by the receivers in informing creditors of their standing; it was an unnecessarily elaborate copying job from the records of Tilney & Company and the certified audit of Louis D. Blum & Company. The first report and all subsequent reports were not certified by the accountants for the receiver. The subsequent reports rendered to the receiver and to the defendants have been mere repeat listing of existing assets and liabilities and cash transactions within the receivership.

The volume of transactions within the receivership has been so limited during the almost 4 1/2 years of its existence that the total checks written it is believed is less than 600.

TABLE C

SERVICES ON BEHALF OF CREDITORS

No.	Description of Work Performed	Receivers Harris (1)	Hogan (2)	WQT (3)	Account-ants (4)	Total (5)
7	Proof of Claims	$ 195	$ 64	$ 146	$ 5,089.	$ 5,494
8	Customers & Creditors	670	1,558	4,887	--	7,115
9	Claims in Dispute	7	367	297	--	671
11	Priority Claims	221	330	151	2,318	3,020
12	Tilney Children Claims	--	756	5,065	275	6,096

No.	Description of Work Performed	Receivers Harris (1)	Receivers Hogan (2)	WQT (3)	Account-ants (4)	Total (5)
13	Dorothy M.Tilney Claims	$ --	$ 196	$ 509	$ --	$ 705
65	Creditors' Complaints	--	38	220	28	286
68	Partial Distribution, 6/14/71	--	909	5,317	--	6,226
69	Appeal Children's Claims	--	--	79	--	79
71	Further Distribution to Creditors, 10/20/71	--	2,448	5,746	--	8,194
72	Newbury Letters	--	--	80	--	80
87	Interest Payments to Creditors & Value	--	19	--	--	19
88	Legend on Checks	--	38	--	--	38
90	Check to Creditor, Unsigned	--	58	--	--	58
		$1,093	$ 6,781	$22,497	$ 7,710	$38,081

Notes to Certain Items on Table C

12 & 13 The claims of the Tilney children and Dorothy M. Tilney were partially expunged by the Court for the purpose of the receivership only; one child was partially paid through the receivership as was Mrs. Tilney. All during the course of the receivership, offers were made by Mrs. Tilney, representing her children and herself, as well as the affiliated companies to take property which would not otherwise have to be liquidated in exchange for a cancellation of these obligations on the same basis as was arranged with one bank.

TABLE D

TIME CHARGES REQUIRING SPECIAL NOTATIONS

No.	Description of Work Performed	Receivers Harris (1)	Receivers Hogan (2)	WQT (3)	Account-ants (4)	Total (5)
14	Tinker, Marine Midland Tinker Loan	$ 416	$3,766	$ 3,251	$ 303	$ 7,736
35	Tilney, Alaska Property	52	2,100	4,588	--	6,740
44	National Bank of North America	46	--	--	--	46
51	Tinker Letter to Duffy re Kenney	--	--	53		53

No.	Description of Work Performed	Receivers Harris (1)	Receivers Hogan (2)	WQT (3)	Account-ants (4)	Total (5)
52	Phone Duffy re letter to Creditor	$ --	$ --	$ 53	$ --	$ 53
58	Application on behalf of Tilney & letters	20	176	93	--	289
(63	Sheriff's Sale	--	928	7,175	--	
(73	Sale of Hicksville					
(	property acquired					
(	by Receiver	--	132	884	--	
(83	Farley Bond	--	--	88	--	
	Sub-total	$ --	$ 1,060	$ 8,147	$ --	9,207
(64	Liquidation of					
(	additional assets	--	309	476	--	
(89	Sale of Items not					
(	under control	--	116	--	--	
	Sub-total	$ --	$ 425	$ 476	$ --	901
67	Bond for Fees	--	723	224	--	947
74	Review Transcript, EBT on Tilney	--	--	17	--	17
(77	Proposed Notice to	--	414	367	--	
(	Creditors					
(84	Draft of Stay Order					
(	re Distribution	--	--	171	--	
	Sub-total	$ --	$ 414	538	$ --	952
	Total, Table D	$1,080	$11,032	$19,109	$ 303	$32,324

Notes on Changes in Table D

14 The Marine Midland Tinker National Bank was owed $98,000 on a joint note of Mr. and Mrs. Tilney. The Bank agreed to take a first mortgage on property owned by the Tilney Construction Corporation, Inc., which is virtually wholly owned by Mr. Tilney, and to release the receivers from any claim. The transaction reduced liabilities by $98,000 offsetting property in effect against the liability of $98,000 which could have been wholly charged against Mr. Tilney. Mrs. Tilney at the time claimed $55,000 against the receivers until the bank mortgage was completed when she withdrew this claim.

The properties used in connection with this mortgage which relieved the estate of a substantial liability were never reported as having value in the accountants' reports.

35 This property was acquired at a foreclosure sale when the joint owners -- Richard R. Sassara, Ellen E. Sassara and Dorothy M. Tilney -- failed to protect their 1/4 interest each. Mr. Tilney had a 1/4 interest also. The property was bought in for $14,000 and was resold for approximately $32,000 by the receivers. All legal work on the transaction was handled by an Alaskan attorney. The charges for this transaction seem out of line on any basis in considering the value of the propery.

44;51;
52;58 No information is available as to the purpose of any of these items.

63;73 & 83 The receivers held certain unsecured notes against Governmental Statistical Corporation which corporation is 60% owned by Mr. Tilney through equity stock interest and through ownership of 90% of the outstanding notes of the corporation. The receiver elected to foreclose on a judgment against the corporation regardless of the fact that the equity and notes of the corporation were 80% in his possession.

Through this action, the corporation suffered grievous losses and the property is still unsold. This transaction in effect was the receiver suing himself in large measure and at the same time destroying the underlying value of what might have been a valuable asset to the equity estate. In addition to the time charges, $4,000 to $5,000 of incidental expenses it is believed were incurred and the damage to the corporation, which is a responsibility of the receiver, is incalculable.

When this sale was consummated the receiver had already made provision for paying off creditors at 100¢ on the dollar and only had to contend with whatever interest the Court might allow and the fees and allowances and the cost of administration.

64;89 Steps towards additional liquidation have been taken by the receiver from time to time after the last liquidation occurred in November 1970. None of these steps were necessary.

67 On January 29, 1971 after a motion to terminate by the defendants was discussed in Court and an affidavit of surcharge was served on the receivers by creditors, it was suggested that the termination could be accomplished if the defendants were to put up a bond to cover fees and allowances on the allegation that there was not sufficient money in the estate to cover fees. The impossibility of Mr. Tilney obtaining a bond of $300,000 while the receiver still held his property in bondage is self-evident.

74 The purpose of this item is unknown.

77; 78 In late 1970 the receiver put in motion a program to notify creditors of the standing of their accounts. The steps in this connection were never implemented. The stay order was never filed.

TABLE E

NORMAL ADMINISTRATIVE EXPENSES

No.	Description of Work Performed	Receivers Harris (1)	Receivers Hogan (2)	WQT (3)	Accountants (4)	Total (5)
4	Accountants	$ 2,304	$ 1,786	$ 1,153	$ --	$ 5,243
5	Meetings	4,609	4,416	2,426	7,238	18,689
6	Court Apperances	1,411	704	1,101	10,836	14,052
10	Research & Procedure of Law	403	--	824	--	1,227
21	Tilney & Co., Inc.	--	12	554	--	566
23	L.I. Commercial Rev.	78	71	7	--	156
24	Advertising other than Waddington	--	--	40	--	40
25	Insurance and Life Ins.	78	--	106	--	184
26	Franklin Nat. Bank Loan	527	211	184	--	922
28	Study, Tilney & Co. Original Statements	98	--	40	--	138
29	S.E.C.	540	640	646	605	2,431
30	Nassau properties, Brady, etc.	462	1,197	716	--	2,375
32	Attachments, Alaska	--	116	114	--	230
33	U.S. Attorney, Alaska	--	64	265	--	329
34	George Brown	273	608	532	--	1,413
38	Brokers & Bank Claims, excluding Franklin	91	80	--	--	171
39	GSC vs. Marine Midland, Keyman	150	--	--	--	150
41	Unallocated, Phone Calls Tilney	3,640	160	552	--	4,352.
42	Liquidation of Misc. Securities	182	213	85	--	480
43	Retention of Wagner, Quillinan & Tennant	64	--	--	--	64

No.	Description of Work Performed	Receivers Harris (1)	Hogan (2)	WQT (3)	Account-ants (4)	Total (5)
46	N.Y. State, Atty. Gen.	$ --	$ 192	$ --	$ --	$ 19
47	GSC Keyman (see also #39)	--	96	--	--	9
48	Tilney Construction Corp.	98	32	173	--	30
49	Dictate & Review Corres.	9,042	--	--	1,194	10,23
50	Analysis of Affairs	878	64	200	1,515	2,65
53	Letter re GSC's operating	--	--	20	--	2
54	P. Murray	13	--	--	--	1
55	GSC Employees' Claims	--	32	27	--	5
59	Natl. Assoc. of Securities Dealers	--	32	--	--	3
66	Tilney Motion to Terminate Receivership	--	19	1,358	--	1,37
75	State Court versus Federal Court, Attack on GSC Assets	--	--	90	--	9
76	2001 and 2004	--	--	25	--	2
78	Telephone Calls, Out	--	--	33	--	3
79	Transactions in U.S. Govt. Securities	--	464	34	--	49
85	Central Alaska Utilities	--	135	12	--	14
86	Indictment, Alaska	--	85	--	--	8
91	Rice - duPont	--	15	30	--	4
92	Locating Securities misplaced by receivers	--	19	--	--	1
93	1971 Review of Order appointing Receivers	--	--	38	--	3
94	Bookkeeping	--	--	--	1,264	1,26
95	Moving	--	--	--	176	17
96	L. D. Blum & Co.	--	--	--	220	22

No.	Description of Work Performed	Receivers Harris	Receivers Hogan	WOT	Account-ants	Total
97	Sr. Review Jr. Work	$ --	$ --	$ --	$ 303	$ 303
98	Inter-company review	--	--	--	110	110
99	Taxes, current	--	--	--	6,707	6,707
100	Trace funds	--	--	--	650	650
101	Correspondence, Benisch	--	--	--	518	518
	TOTAL	$24,877	$11,527	$11,385	$ 31,330	$ 69,039

Notes on Certain Items in Table E

5 The total amount of time for meetings seems disparately high in relation to overall applications. Meetings were almost all held in Manhattan.

6 Court appearances include a number of instances where the individual was not actually necessary at the hearing and appeared to have no function being there.

21; 48 Tilney & Company, Inc. was established as the successor company for Tilney & Company and its preservation and maintenance of its integrity, as in the case of Governmental Statistical Corporation, would benefit the corpus of the estate.

99 The work in preparing income tax reports charged by the accountants seems extremely high since only Federal and New York State fiduciary returns had to be filed for the fiscal years ending October 31, 1968, 1969, 1970 and 1971. The 1967 fiscal year tax work was done by Louis D. Blum & Company at the request of the receivers. The small number of claims and the low volume of activity do not appear to support hourage or charges.

For the convenience of those studying the time charges of the receiver, ex-receiver, counsel and accountants in the Tilney & Company and Frederick Tilney receivership, Table F has been prepared as a composite of the total figures in Tables A through E.

TABLE F

COMPOSITE OF FIGURES IN TABLES A THPOUGH E

Table	Harris	Hogan	WQT	Accountants	Total
A	$24,397	$24,273	$27,579	$ 6,743	$ 82,992
B	5,253	12,178	16,365	43,088	76,884
C	1,093	6,781	22,497	7,710	38,081
D	1,880	11,032	19,109	303	32,324
E	24,877	11,527	11,385	31,336	79,125
	$57,500	$65,791	$96,935	$89,180	$309,406

The total figure in Table F, $309,406, agrees with the total figure in the applications for final fees and allowances filed, noted on page 1.

REDUCTION OF REQUESTED FEES AND ALLOWANCES FOR SPECIFIC REASONS

As previously noted on page 2, all items in Table A should be deleted; the time charges in Table B should be reduced by 50% and the items in Table C should be reduced by 33 1/3%. The result of these reductions is shown in Table G following. No allowance is made in Table G for any fees or allowances in favor of I. Alan Harris, Esq.

TABLE G

TIME CHARGES AFTER VOLUME DEDUCTION

Table	Rate	Harris	Hogan	WQT	Accountants	Total
A	-0-	$ --	$ --	$ --	$ --	$ --
B	50%	--	6,089	8,183	21,544	35,816
C	66 2/3%	--	4,520	14,997	5,139	24,656
D	100%	--	11,032	19,109	303	30,443
E	100%	--	11,527	11,385	31,336	54,248
		$ -0-	$33,168	$53,674	$58,322	$145,163

TABLE H

MAXIMUM FEES
AFTER REDUCTION IN HOURLY RATES CHARGED

Notes
to Table H

(1) In reviewing the hourly rates charged, the charges of Receiver Joseph C. Hogan, who was acting as an individual receiver not as an attorney, should be reduced to 55% of his average hourly rate of approximately $72.00. This would result in a reduction in his requested allowance to a maximum of $18,242.40.

(2) The requested fees of Wagner, Quillinan & Tennant should be reduced on a composite basis to 75% of the rates charged. This would result in a maximum figure of $40,255.50.

(3) The maximum fees of the accountants should be 1/3 of the hourly rates quoted in their application. As a result, their requested fees should be reduced to a maximum of $19,438.00.

Maximum Fees to be Allowed

I. Allan Harris	$ -0-	
Joseph C. Hogan	18,242.40	(1)
Wagner, Quillinan & Tennant; Robert G. Benisch (of counsel)	40,255.50	(2)
Accountants	19,438.00	(3)
	$77,935.90	

INDEX TO EXHIBIT B

MATINECOCK BANK STOCK LIQUIDATION

Item	Description
1	Affidavit of Frederick Tilney, dated April 15, 1972, with attachments as follows:
	Exhibit A -- Letter from W. Shelby Coates, Chairman of the Board, Matinecock Bank, dated August 31, 1967 to stockholders opposing merger with Nassau Trust.
	Exhibit B -- Letter from Thomas Bellingham, President of the Matinecock Bank, dated August 22, 1967 indicating current value on that date as $25 a share.
	Exhibit C -- Transfer record of Tilney interests' shares by Blyth & Company June 24, 1968 and subsequent retransfers in June and July of 1968 and retransfers again on January 27, 1969.
2	Affidavit of Dorothy M. Tilney dated April 15, 1972.
3	Pages 53 through a portion of page 55 of transcript of hearing of April 7, 1969, attached for the convenience of the Court.
4	Affidavit of Thomas Bellingham, execution prior to April 19, 1972

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	:	67 Civil 4676
- against -	:	AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES
TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	:	

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

FREDERICK TILNEY, being duly sworn, deposes and says:

That I reside at Centre Island, Oyster Bay, New York 11771, and that I am the defendant in this action;

That prior to March 8, 1968, I made an appointment for the receivers of Tilney & Company and myself, I. Alan Harris, Esq., and Joseph C. Hogan, Esq., to meet with Thomas Bellingham, President of the Matinecock Bank, at the main office of the bank, Locust Valley, New York;

That on March 8, 1968, I. Alan Harris, Esq., and Joseph C. Hogan, Esq., came to the office of Governmental Statistical Corporation and Tilney & Company, Inc., 47 West Nicholai Street, Hicksville, New York 11801, for the purpose of meeting with officials of the City of Nome, a representative of the Governor of Alaska and Donald Holman, Esq., bond counsel for the City of Nome, Alaska;

That on the arrival at my office of I. Alan Harris and Joseph C. Hogan I inquired if they had met Mr. Bellingham at the Matinecock Bank in Locust Valley prior to keeping the Nome appointment; that both I. Alan

EXHIBIT B-1

Harris and Joseph C. Hogan indicated to me they had not met with Mr. Bellingham and that I then called Mr. Bellingham to apologize for their failure to meet with him;

That I asked both I. Alan Harris and Joseph C. Hogan with whom they had met in connection with the prospective liquidation of the

Matinecock Bank stock and neither gave direct answers although questioned several times; that on subsequent occasions I did inquire as to whom they had met and was always given evasive responses, with such comments as, from Mr. Hogan, "Fred, you know with whom we met";

That I had no certain knowledge of their alleged meeting until applications for interim fees and allowances were submitted in 1970 when the information was available in the applications and the accompanying reports;

That, after having become suspicious as to the integrity of one of the receivers, I. Alan Harris, due to a transaction involving the effective controlling shares of The Waddington Bank which transaction was later labeled as "tainted" by the United States Securities and Exchange Commission, I decided that it was appropriate for me to investigate not only the sale of the Waddington stock but also the sale of the Matinecock stock in view of all circumstances;

That in connection with these investigations Mrs. Tilney and I met with Thomas Bellingham, President of the Matinecock Bank, on Saturday morning, April 2, 1969, and discussed the transaction involving the liquidation of my own shares and those of Tilney & Company by the receivers;

That on April 7, 1969 I brought the matter of possible litigation against directors and/or officers of the Matinecock Bank to the attention of the Court (see pages 47, 48 and 49) of transcript of hearing, April 7, 1969);

That during 1968 on many occasions I requested the receivers to obtain appraisals on the Matinecock Bank stock due to the fact that it represented the swing stock for merger prospects as evidenced by a merger proposal made by the Nassau Trust Company of Glen Cove in August 1967 which was defeated by the vote of Tilney & Company, Frederick Tilney and the Tilney family shares (see Exhibit A, letter from the Chairman of the Board of the Matinecock Bank);

That the value of the Matinecock Bank stock in August 1967 was $25.00 a share (see Exhibit B, letter from Thomas Bellingham dated

August 22, 1967);

That the price obtained by the receivers, $20.00 a share) was unrealistically low particularly in view of the considerable additional value that this holding represented in connection with merger prospects for the bank;

That according to the receivers the stock was sold to Blyth & Company but was actually purchased by D. Raymond Kenney & Company; that the eventual transfer of the shares was handled through Blyth & Company (see Exhibit C attached).

/S/ FREDERICK TILNEY
FREDERICK TILNEY

Sworn to before me this
15th day of April 1972.

August 31, 1967

Matinecock Bank Stockholders:

Doubtless you have received a notice of a special meeting of stockholders of the Matinecock Bank and a proxy for your vote "for" or "against" the proposed merger of our Bank with the Nassau Trust Company.

As a director of the Matinecock Bank and its Board Chairman for many years, I may be pardoned for having a sentimental, as well as an economic interest in its future. I joined with the other directors in agreeing to submit this question to the stockholders. In so doing, I made it clear to my fellow directors that I would reserve the right as a stockholder to vote in accordance with my judgement upon the merits of the proposed merger. Other directors had the same reservation and two Locust Valley directors will vote, as I shall, in opposition to the merger plan.

I find the objective unexciting and the terms not particularly inviting. The proposal involves considerable loss of identity and individuality and is predicated on a set of circumstances which do not suggest to me any urgency. Our Bank is a sound institution and has a strong hold on the affections of this community.

As a stockholder I would prefer to carry on until an offer clearly beneficial should indicate the wisdom of a merger.

I trust that your proxy or personal vote will express a considered judgement on your part.

Sincerely,

W. Shelby Coates

WSC:pwd

Exhibit B-1
to EXHIBIT A

MATINECOCK BANK
63 Forest Avenue
Locust Valley, New York 11560

Thomas Bellingham
President

August 22, 1967.

Mr. Frederick Tilney,
Tilney & Company,
70 Pine Street,
New York, New York.

Dear Fred:

I do not know how you feel toward the proposed merger. However, since letters were mailed with Proxies last Thursday, and the stock offer of 13 new shares for each 10 presently held, a number of Stockholders have asked to round out their holdings to the nearest ten.

Ray Kenney has 191 shares at $25.00 each which we would like to use for this purpose, and ask if you would be interested in doing likewise. Your holdings appear as follows:

Dorothy McCabe Tilney	122 shs.
Frederick Tilney for Dorothy, a minor	27 "
Frederick Tilney for Frederick, "	27 "
Dorothy Tilney for Kathleen, "	27 "
Frederick Tilney, Jr.	1813 "
Tilney and Company	3162 "

With best regards, I remain,

Sincerely yours,

(S) Tom

President.

TB/DMT
Enclosure

Exhibit B-1
to Exhibit B

6/24/68	860 shares i/n/o Frederick Tilney, Jr. transferred to Blyth & Co.
"	5,206 shares i/n/o Tilney & Company transferred to Blyth & Co.
6/26/68	3,500 shares Blyth & Co. transferred to C. A. Englard & Co. (nominee of Chemical Bank)
7/10/68	8,500 shares Blyth & Co. to Sidney Ellis
7/10/68	186 shares Blyth & Co. to Benjamin Shapiro
"	60 shares Blyth & Co. to Benjamin Shapiro

1/27/69	1,600 shares transferred from Englard & Co. to Sol Lerner Profit Sharing, 40 Exchange Place, N.Y.C.
"	400 shares transferred from Ellis to Lerner Profit Sharing
"	1,956 shares transferred to C. A. Englard & Co. to Sol & Eleanor Lerner, Seawane Drive, Hewlitt, N. Y.
TOTAL	3,966

TOTAL RETAINED BY ELLIS	2,100 shares
" " " SHAPIRO	186 shares
" " " "	60 shares
	2,346

Exhibit B-1
to EXHIBIT C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	67 Civil 4676
- against -	AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES
TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

DOROTHY M. TILNEY, being duly sworn, deposes and says:

That I reside at Centre Island, Oyster Bay, New York 11771;

That on March 8, 1968 I was present at the office of Governmental Statistical Corporation, 47 West Nicholai Street, Hicksville, New York 11801, where a conference regarding certain matters involving the City of Nome, Alaska, Tilney & Company and Governmental Statistical Corporation was to be held with the receivers of Tilney & Company, I. Alan Harris and Joseph C. Hogan, in attendance;

That on the arrival of I. Alan Harris and Joseph C. Hogan I heard my husband ask whether or not they had seen Mr. Thomas Bellingham, President of the Matinecock Bank in Locust Valley. The response of both Mr. Harris and Mr. Hogan was in the negative and I heard my husband, Frederick Tilney, call Mr. Bellingham to apologize for the failure of Mr. Harris and Mr. Hogan to keep an engagement;

That I was present at a meeting with my husband and Mr. Thomas Bellingham on April 2, 1969, at which meeting my husband discussed certain

EXHIBIT B-2

suspicions he had with regard to the methods used by the receivers, I. Alan Harris and Joseph C. Hogan, in liquidating his very substantial holding in the Matinecock Bank;

That on many occasions in 1968 I heard my husband ask the receivers to obtain appraisals on large blocks of bank stocks which because of their size had great value due to possible and prospective mergers or for reasons of control.

/S/ Dorothy M. Tilney
DOROTHY M. TILNEY

Sworn to before me this
15th day of April 1972.

Notary Public

EXCERPTS FROM TRANSCRIPT OF COURT HEARING OF APRIL 6, 1969

****

page 53

MR. BENISCH: Yes, sir.

THE COURT: In other words, you are aware of these claims stated for the record?

MR. BENISCH: I am aware of Mr. Tilney's thoughts on these claims that he stated for the record, yes, sir.

THE COURT: That includes the merger, et cetera, et cetera, et cetera?

MR. BENISCH: Yes, your Honor.

MR. HARRIS: Last week Mr. Tilney brought to our attention that he felt that a conversation having occurred between the receivers and certain directors and others of the Matinecock Bank -- it escapes me exactly -- perhaps one year ago today, at which time we introduced ourselves and indicated that we were interested in selling 6000 shares of the Matinecock Bank, and negotiations were had, discussions about whether there was a market for that large a block of stock and so forth and so on, an offer was made to the receivers at that time which was turned down, it was very cordial and all that, but it was inadequate. Subsequently two Wall Street houses plus Mr. Tilney and everyone else concerned sought to develop a market for the 6000 shares of stock. Ultimately Blyth & Company, acting as a broker apparently on behalf of D. Raymond Kenney, with whom we would not have dealt

page 54

at the time because we were suing Mr. Kenney anyway, and he didn't have the credit standing to warrant the purchase on his own, purchased the 6000 shares at $20 a share. Months went by and apparently the question of when did a merger begin to jell came up. In any event, the purchasers of the stock are not known to have been any of the insiders. So we don't understand the nature or the theory of Mr. Tilney's suggested cause of action against the persons with whom we had the conversations.

I will say, in the light of Mr. Tilney's exuberance about the clearing of of this estate in the relatively near future without the need for total liquidation, it hardly behooves the receivers to start spending untold tens of thousands of dollars on the slim thoughts or evidence that Mr. Tilney has to develop whether these are lawsuits out of which some settlement figures can be derived. We have

indicated to him the sooner this receivership is over and these lawsuits are turned back to his control -- in fact, if he were to produce an attorney right now, we would authorize at no expense to the receivership -- in fact, we discussed this. It just came to me, your Honor. I forgot. We discussed this and we told him he is free to find any lawyers suitable for this type of litigation and we would make suitable arrangements concerning the prosecution of the lawsuits

THE COURT: Don't you think that is fair?

MR. TILNEY: Fair enough. I just wanted it in the record.

THE COURT: That, of course, would mean that as to the suit which will be barred, as you have indicated, sometime in August, nobody is preventing you from instituting a suit in your own behalf.

****

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	67 Civil 4676 AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

THOMAS BELLINGHAM, being duly sworn, deposes and says:

That I reside at 36 Weir Lane, Locust Valley, New York 11560;

That I was associated with the Matinecock Bank, Locust Valley, New York, from 1928 to September 1, 1969 and that I was a Director and the President of the Matinecock Bank from 1944 to the date of its merger with the Hempstead Bank, Hempstead New York; that thereafter I continued as a Vice President of the Hempstead Bank until my retirement September 1, 1971;

That I have examined the Report and Petition for Allowance of I. Alan Harris in the matter of the receivership of Tilney & Company and Frederick Tilney; the report consisted of 76 pages and had attached to it a schedule of time records and references to services performed consisting of 31 pages;

That attached hereto and made a part hereof as Exhibit A are extracts from pages 41 and 42 of the Report and Petition for Allowance and an extract covering the activities of I. Alan Harris on March 8, 1968 extracted from page 8 of the scheoule of time records and references to

EXHIBIT B-4

services performed; that there is also extracted in Exhibit A the last paragraph of page 75 of the Report and Petition for Allowance as well as page 76;

That on page 76 of the Report and Petition for Allowance I. Alan Harris signed his name and took an oath on May 1, 1970 as to the veracity of the contents of the Report and Petition for Allowance;

That I. Alan Harris, as evidenced in the first sentence of the first paragraph on page 42 of His Report and Petition for Allowance, did state "On March 8, 1968 the receivers, pursuant to an appointment previously made by your petitioner, made a trip to the offices of Payne, Wood & Littlejohn, Esq., Glen Cove, Long Island, and met with Mr. Hendrickson and Mr. Bellingham, President of said bank. The affairs of the bank were discussed, and in particular it was made known that it was desired that the shares be sold. The highest bid that these gentlement discussed was $15 per share";

That I was not present at any meeting on that date in the offices of Payne, Wood & Littlejohn, Glen Cove, Long Island, with Mr. Hendrickson and that in fact I have never to the best of my knowledge ever met I. Alan Harris; that an appointment had been arranged by Mr. Tilney for the then Receiver I. Alan Harris, Esq., and Co-receiver Joseph C. Hogan, Esq., to meet with me I believe on March 8, 1968; that on the day of the appointment neither of these gentlemen presented themselves at my office at the bank and that later in the afternoon I received a call from Mr. Tilney apologizing for their failure to keep the appointment;

That had Mr. Harris and Mr. Hogan kept the appointment I would have been able to advise them on certain pertinent matters pertaining to the status and posture of the Matinecock Bank; that the directors and management of the bank were actively considering the necessity and advisability of finding a suitable merger partner for the following reasons:

1. The Matinecock Bank would require the use of computers which would be available through a larger institution.

2. There would be replacement and pension problems involving personnel of the bank including myself.

3. That while the bank's capital ratios were very sound the size of the capital was restricting the bank's lending ability so that it could not service the demand for large loans in its area of operations due to the limited maximum set up by the Federal Reserve based on capital funds.

4. That the directors felt the facilities of a Trust Department would be helpful to the community but that it would be too expensive to establish such a Trust Department independently.;

That I have examined the Application for Allowance of Joseph C. Hogan, extracts of which are attached hereto and made a part hereof and marked Exhibit B; that these extracts consist of the first paragraph on page 1 of the Application for Allowance and that extracts have been taken from the text of the application covering 16 pages and 15 unnumbered pages of time records of Joseph C. Hogan; that in Exhibit B, an extract from the application of Joseph C. Hogan, Mr. Hogan states "Early in 1968 the

receivers had an extended conference with officers and counsel for the Matinecock Bank in an endeavor to effect purchase by the bank of approximately 2,000 shares of its stock. An indicated offer was deemed inadequate by the receivers";

That further in the schedule of time expended as extracted in Exhibit B there was a notation on March 13, 1968 of a "Trip to Long Island with Harris, Hicksville, Matinecock, 10 hours";

That I have no knowledge of any conference of officers of the Matinecock Bank on either March 8, 1968 or March 13, 1968 or at any other time with Joseph C. Hogan, Esq., or I. Alan Harris, Esq.; that while there were three other officers of the Matinecock Bank in 1968 none of them ever reported such a meeting to me and I had no such meeting myself;

That had Receivers Harris and Hogan conferred with me I would have told them that a merger was definitely being considered.

_____

THOMAS BELLINGHAM

Sworn to before me this

_____ day of April, 1972.

_____

Notary Public

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	67 Civil Action File No. 4676
-against-	REPORT AND PETITION FOR ALLOWANCE
TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	

TO HON. DAVID N. EDELSTEIN, UNITED STATES DISTRICT JUDGE

The report and petition of I. Alan Harris respectfully represents:

****

Extracts from the report and petition of I. Alan Harris signed and sworn to May 1, 1970 in connection with his application for fees and allowances in the receivership of Tilney & Company and Frederick Tilney. The text of the report covers 76 pages and has attached to it a schedule of time expended in the matter of the receivership consisting of 31 pages following the text. The following extracts are pertinent to the sale of 6,066 shares of stock of the Matinecock Bank, Locust Valley, N. Y.

****

Extracts from report, pages 41 and 42

(page 41)

Sale of Stock of Matinecock Bank and The Waddington Bank

In the performance of their duties, the receivers from the date of their appointment, in addition to all other administrative and legal services, were seeking to liquidate the relatively more marketable assets. It is respectfully pointed out that the Court and all parties are aware of the nature of the assets, i.e., securities with very limited markets, securities with no markets, securities and debts of affiliated corporations (without any market, of course), family home, pieces of real

EXHIBIT A

estate owned by affiliated corporations or debtors, etc.

Matinecock Bank

In any event, on December 18, 1967 the receivers acquired control of 6,066 shares of stock of Matinecock Bank, Locust Valley, New York. Some of these shares were on hand, that is in the safe deposit box taken over by the receivers, and others were pledged with Long Island National Bank, Franklin National Bank and Marine Midland Grace Trust Company. The existence of these shares and the desire of the receivers to sell the same, with the acquiescence of Tilney, was made known to Blythe & Co., Inc., Francis I. duPont & Co., M. A. Shapiro & Co. and others.

The receivers analyzed the then existing market for the shares, and noted that in connection with the sale by Matinecock Bank itself of 149 shares of stock resulting from the aggregate fractions at the time of the payment

(page 42)

of a stock divdend in the winter of 1968, said bank received a highest bid of $23.31 per share. In any event, the liquidation of these shares was considered, discussed and was the subject of numerous conferences between the said brokerage firms and the receivers, and between Tilney and the receivers.

On March 8, 1968 the receivers, pursuant to an appointment previously made by your petitioner, made a trip to the Offices of Payne, Wood & Littlejohn, Esq., Glen Cove, Long Island, and met with Mr. Hendrickson and Mr. Bellingham, President of said bank. The affairs of the bank were

discussed, and in particular it was made known that it was desired that the shares be sold. The highest bid that these gentlemen discussed was $15 per share.

Subsequently and on May 10, 1968, a bid was received through Blythe & Co. of $20.00 a share net for the entire block of 6,066 shares, and the same was accepted with the acquiescence of all concerned, including Tilney. From March 18, 1968, an open order had been maintained at Francis I. duPont & Co. to sell said shares at $21.00, but without success.

Your petitioner took care of the voluminous correspondence and performance of administrative details which were required to conclude the transaction and obtain the funds. The aggregate funds derived from the sale of said shares amounted to $121,016.70, portions of which were received by Long Island National Bank and Franklin National Bank as pledgees of portions of said shares.

****

Extract of report of activities March 8, 1968 in schedule of time spent in the receivership

(page 8 of the schedule)

		Hours
3/8	All-day trip with Hogan to offices of Messrs. Payne, Wood & Littlejohn in Glen Cove, L.I., and meeting and negotiations with Mr. Hendrickson of firm and Bellingham, President, re solicitation of bid for purchase of shares of Matinecock Bank trip with Hogan to Hicksville and conference and meeting with Tilney, Laidlaw and accountant; meeting and negotiations with manager of City of Nome, an official of the Governor's office of the State of Alaska and Donald L. Holman, Esq. of Seattle, Washington; conference and meeting with Hogan, Tilney and accountant to 7:30 p.m.	10.5

****

(last paragraph, page 75 of report)

Wherefore, your petitioner prays that this Report and Petition be passed and allowed; that an order be entered passing and allowing the same as the account of your petitioner and fixing the amount of your petitioner's compensation and expenses in the respective sum of $57,500 and $534.66 and directing the payment thereof out of the receivership estate as part of the costs and expenses of administration thereof, and discharging and releasing your petitioner (and Fidelity and Deposit Company of Maryland as his surety) from his office as Receiver and by reason of his acts and actions therein.

S/ I. Alan Harris
I. Alan Harris, Petitioner

****

(page 76 of report)

STATE OF NEW YORK
COUNTY OF NEW YORK

I. Alan Harris, being duly sworn, deposes and says:

I am the petitioner above named. I have read the report and petition for allowance annexed and the same is true to the best of my knowledge, information and belief.

No agreement or understanding in any form or guise exists between me and any other for a division of the compensation to be paid to me in this proceeding.

S/ I. Alan Harris
I. Alan Harris

Sworn to before me this
1st day of May, 1970.

Notary Public

****

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	67 Civil Action File No. 4676
- against -	APPLICATION FOR
TILNEY & COMPANY, and FREDERICK TILNEY, Defendants.	ALLOWANCE

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

JOSEPH C. HOGAN, being duly sworn, deposes and says that I. ALAN HARRIS, ESQUIRE and your deponent were duly appointed Co-Receivers of all the assets and property of defendants, TILNEY & COMPANY, a partnership engaged as a security broker-dealer and FREDERICK TILNEY, an individual and general partner of Tilney & Company, on December 18, 1967; that subsequently, by order of this Court dated July 16, 1969, your deponent was designated sole receiver of the above defendants.

****

Extracts from the report and petition of Joseph C. Hogan, signed but not sworn to, in connection with his application for fees and allowances in the receivership of Tilney & Company and Frederick Tilney. The text of the report covers 16 pages and has attached to it a schedule of time expended in the matter of the receivership consisting of 15 unnumbered pages following the text. The acknowledgment of Mr. Hogan's signature was not attached to the copy of the application furnished the defendants and presumably is in the Court file. The following extracts are pertinent to the sale of 6,066 shares of stock of the Matinecock Bank, Locust Valley, N. Y.

****

Extract from report, page 5

Early in 1968 the receivers had an extended conference with officers and counsel for the Matinecock Bank in an endeavor to effect purchase by

the Bank of approximately 2,000 shares of its stock. An indicated offer was deemed inadequate by the receivers. Subsequently, based on information acquired at the conference and from other sources, the receivers were able to sell the block at a profit differential of about four points.

****

Unnumbered page 4 of Schedule of Time Expended,
unnumbered item 10

****

DATE		HOURS
1968		
3/13	Trip to Long Island with Harris, Hicksville, Matinecock	10

****

Page 16 of Report

****

WHEREFORE, deponent prays that an interim allowance of $45,000.00 be made on account of services rendered by him during the period of December 18, 1967 to February 28, 1970 without prejudice to deponent's right to apply in the future for the allowance of additional compensation for his services.

S/ Joseph C. Hogan
JOSEPH C. HOGAN

****

EXHIBIT C

Customers of Tilney & Company

1 Allen, Earl

2 Brooks, George G.

3 Carawan, James R.

4 Lanzaro, Gene

5 Lanzaro, Gene

6 Nash, Diane

7 Nash, Donald

8 Newbury, Edward

9 Prewitt, Clell

10 Rietze, Daniel

11 Rietze, Jean

12 Talley, Glenn

CREDITOR, F. TILNEY

13 DeBuona, Bartley

EXHIBIT C INDEX

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,

- against -

TILNEY & COMPANY,

67 Civil 4676

AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF VIRGINIA)
) ss.:
HAMPTON, VIRGINIA)

EARL E. ALLEN, being duly sworn, deposes and says:

That I reside at 8 Alexander Drive, Hampton, Virginia 23364 and that I formerly resided at Quarters 118B Illiamna Street, Seattle, Washington, 98749;

That my wife, Eva B. Allen, and I were customers of Tilney & Company while in Anchorage, Alaska;

That during the course of the receivership of Tilney & Company we have received only a few communications from the receivers although we attempted to communicate with them on a number of occasions;

That while we recognize that our claim was small the lack of attention paid to it by the receivers until it was finally paid led us to believe that there was a serious dereliction of duty on the part of the receivers, their counsel and those associated with them.

/S/ Earl E. Allen
Earl E. Allen

Sworn to before me this
14th day of April, 1972.

Notary Public

EXHIBIT C-1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, : 67 Civil 4676
Plaintiff,
:
- against - :
:
TILNEY & COMPANY, :
FREDERICK TILNEY, :
Defendants.

AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF MASSACHUSETTS)
) ss. :
COUNTY OF MIDDLESEX)

GEORGE G. BROOKS, being duly sworn, deposes and says:

That I reside at 33 Pine Hill Road, Bedford, Massachusetts 01730 and that I was formerly stationed in Alaska;

That I was a customer of Tilney & Company while stationed in Alaska;

That in the fall of 1967 I received a communication from Louis D. Blum & Company, the accountants for Tilney & Company, asking me to confirm what was due which I immediately signed and returned;

That in December 1967 while I was stationed at Fort Bliss, Texas, I had requested the Judge Advocate General of that post to communicate to determine the status of my account; the Judge Advocate General informed me that the Receivers of Tilney & Company, who had been then appointed, estimated that my claim would be paid in full and that interest would be paid;

That on February 26, 1968, I received a communication from the

EXHIBIT C-2

Receivers of Tilney & Company which indicated I would receive a communication on the overall situation regarding the estate and that my account would be paid and that in event net assets were not sufficient to pay the full amount of the claim I would receive a proportionate percentage thereof on the paid-in value; that the securities I had with the firm, according to my records, had been sold and I was entitled to the proceeds of the sale;

That on October 7, 1968, I received a communication from Robert G. Benisch, Esq., indicating that the books and records of Tilney & Company showed I was due $1,233.40 and that I would receive further information as to the status of the estate at a subsequent date; that there was a slight difference due, according to my records;

That in a letter dated October 31, 1968, mailed to me according to the postmark on December 16, 1968, I received a formal notice of the position of the estate and a claim form to be executed; that I completed the claim form, had it notarized on January 2, 1969 and mailed it promptly; that I recieved a communication over the signature of Robert G. Benisch, Esq., counsel to the receivers, dated September 19, 1969, acknowledging my claim in the amount of $1,230.85;

That I received no further communication until I received a letter from Mrs. Tilney dated November 24, 1970 enclosing a letter over Mr. Tilney's signature addressed to Franklin Ormsten, Esq., of the Securities and Exchange Commission dated October 14, 1970 indicating the status of the estate;

That subsequently I received 65% of the amount of my claim in June 1971 with the balance paid to 100% in October 1971.

/S/ George G. Brooks
GEORGE G. BROOKS

Sworn to before me this
11th day of April, 1972.

Notary Public

- - - - - - - -

Appellant's note: Affidavit as corrected and initialed in ink by affiant.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

SECURITIES AND EXCHANGE COMMISSION, :
Plaintiff,
:
- against -
:
TILNEY & COMPANY,
FREDERICK TILNEY, :
Defendants.

----------x

67 Civil 4676

AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF ALASKA)
) ss.:
BOROUGH OF ANCHORAGE)

JAMES R. CARAWAN, being duly sworn, deposes and says:

That he resides at P.O. Box 102, Chugiak, Alaska 99567;

That he and his wife, Betty Carawan, jointly were former customers of Tilney & Company;

That during the course of the receivership of Tilney & Company we received very limited information as to the status of the receivership estate;

That because of the lack of communication I did write a letter dated April 12, 1971, which is attached and marked Exhibit 1; as indicated in that letter we had not received any meaningful information from any one other than Mrs. Tilney.

/S/ James R. Carawan
JAMES R. CARAWAN

Sworn to before me this
13 day of April, 1972.

EXHIBIT C-3

LETTER FROM JAMES R. CARAWAN OF 4/12/71

WAS PREVIOUSLY REPRODUCED ON PAGE 740.

EXHIBIT 1 TO
AFFIDAVIT OF
JAMES R. CARAWAN

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	67 Civil 4676
	AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF COLORADO)
) S.S.:
COUNTY OF LARIMER)

GENE LANZARO, being duly sworn, deposes and says:

That I reside at 3109 East Mulberry #29, Fort Collins, Colorado 80521, and that I formerly resided at Anchorage, Alaska;

That prior to August 9, 1967, I maintained a brokerage account with the firm of Tilney & Company which I understand was closed on August 9, 1967 by order of the United States Securities and Exchange Commission; at that time I had substantial investments with that firm both in cash and in securities;

That I was due the sum of $20,679.15, according to the Receiver, which sum has been paid to me; that I claim additional funds by way of interest and adjustments;

That I was present at a meeting at the office of the then United States Attorney, Marvin Frankel, Esq., in Anchorage in the latter part of August 1968 at which meeting two other creditors, Glenn R. Talley

EXHIBIT C-4

and his wife, Susan J. Talley, were present; that at the meeting the receivership of Tilney & Company and Frederick Tilney was represented by I. Alan Harris, then co-receiver, and Robert G. Benisch, Esq., of the firm of Wagner, Quillinan & Tennant, counsel to the receivers; that the meeting lasted about one half hour;

That Mr. Benisch indicated the position of the estate and stated that there were substantial cash assets on hand and that further liquidation of assets would continue but that no payment would be forthcoming to the creditors until provision had been made for all fees and allowances involved in the receivership;

That during the course of the meeting Mr. Harris expressed a definite animosity towards Frederick Tilney, general partner of Tilney & Company, the defendants; that after attending the meeting deponent had no assurance that he would salvage anything from the Tilney & Company receivership in view of the general comments of Mr. Benisch and Mr. Harris and that this opinion was also shared by the other two creditors in attendance, namely, Glenn R. Talley and Susan J. Talley, in discussions immediately after the meeting.

That deponent clearly remembers Mr. Harris saying outside the United States Attorney's office that "When they got through with Mr. Tilney he would be broke" or words to that effect and that the next thing they would do would be to sell Mr. Tilney's home;

That during the course of the receivership I have received infrequent and unsatisfactory communications from the receiver, the ex-receiver or their counsel;

That the communication distributed with claim forms in December 1968 led me to believe that I was likely to suffer a substantial if not a complete loss in view of the conversations regarding the fees and allowances which took place at the meeting in Anchorage in August of 1968;

That I never received from the receivers, their attorney or their accountants any information that would have indicated to me that my account had any substantial value until February 12, 1971 when I was informed by Receiver Hogan that a 65% partial payment was in prospect;

That in the spring of 1971 I called the office of the Receiver, Joseph C. Hogan, several times over a period of several weeks but was unable to reach him, being told he was either out of the office or out of the country. Finally I make a collect call and Mr. Hogan personally

answered the phone and refused to accept the call; I then requested the operator to charge me for the call. That during the ensuing course of the conversation Mr. Hogan did indicate with profanity that if Mr. Tilney would be reasonable in regard to certain matters the receivership could be speedily closed; that Mr. Hogan told me that neither Mr. Tilney nor any one else was supposed to contact the creditors and I informed him that I had not received any information as to the status of the receivership from any one except Mrs. Tilney which could have led me to believe that I would have any possible eventual value coming to me; I asked Mr. Hogan to send me material on which I could base my future plans as to the probability of payment;

That in calling Mr. Hogan I was attempting to find out why a partial payment of 65% to have been made in March 1971, according to his letter of February 12, 1971, had been delayed;

That having been rudely rebuffed by Mr. Hogan I did communicate with the United States Senator Ted Stevens and indicated to him that I was not getting any service or assistance from the Receiver and that I had to depend upon others for information as to the progress of the receivership;

That further I communicated my feelings to Franklin Ormsten, Esq., of the New York office of the United States Securities and Exchange Commission, by letter and he gave me the courtesy of an answering telephone call and then assured me that the Commission was doing everything in its power to resolve the situation in an orderly and final fashion;

That during the early course of the receivership and from the beginning of the financial problems that Tilney & Company was having I felt that Mr. Tilney was to blame for the long delay in the settlement of my just claim; that, however, as the receivership progressed and time wore on I became more and more convinced that the Tilneys were making every reasonable effort to see that all creditors were fairly treated and my attitude has changed completely.

Gene Lanzaro
GENE LANZARO

Sworn to before me this
11th day of April 1972.

Notary Public

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	67 Civil 4676 AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF COLORADO)
) SS.:
COUNTY OF LARIMER)

GENE LANZARO, being duly sworn, deposes and says:

That I reside at 3109 East Mulberry #29, Fort Collins, Colorado 80521 and that I formerly resided at Anchorage, Alaska;

That I previously signed an affidavit which at this time I would like to supplement with additional information for the benefit of the Court;

That following my wording in the third paragraph on page 2 of my previous affidavit Mr. Harris did state that there would be personal suits against Mr. Tilney which would take whatever else he might have;

That in making this statement Mr. Harris indicated it would be necessary for creditors to retain their own counsel to bring such actions.

/S/ Gene Lanzaro
GENE LANZARO

Sworn to before me this
14th day of April, 1972.

Notary Public

EXHIBIT C-5

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	67 Civil 4676 AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF ALASKA)
) ss.:
BOROUGH OF ANCHORAGE)

DIANE H. NASH, being duly sworn, deposes and says:

That I reside at 1555 Alder Drive, Anchorage, Alaska 99504;

That I was a former customer of Tilney & Company;

That in February 1968 I was notified that the firm of Tilney & Company was placed in receivership and in December 1968 I received a statement of the receivership estate and a claim form; that later I was asked to send in the claim form;

That with these exceptions I had no further meaningful communications from the Receivers;

That my husband made inquiry of the situation through counsel who contacted counsel in New York and that little information was elicited in these contacts;

That I was favorably surprised to obtain substantial information as to the true status of the receivership through Mrs. Tilney in November 1970.

/S/ Diane H. Nash

Sworn to before me this
12th day of April, 1972

Notary Public

EXHIBIT C-6

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION
Plaintiff,

- against -

TILNEY & COMPANY,
FREDERICK TILNEY,
Defendants.

67 Civil 4676

AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF ALASKA)
) ss.:
BOROUGH OF ANCHORAGE)

DONALD A. NASH, being duly sworn, deposes and says:

That I reside at 1555 Alder Drive, Anchorage, Alaska 99504;

That I was a former customer of Tilney & Company;

That in February 1968 I was notified that the firm of Tilney & Company was placed in receivership and in December 1968 received a statement of the receivership estate and a claim form; that later I was asked to send in the claim form;

That with these exceptions I had no further meaningful communications from the Receivers;

That I made inquiry of the situation through counsel who contacted counsel in New York and that little information was elicited in these contacts;

That I was favorably surprised to obtain substantial information as to the true status of the receivership through Mrs. Tilney in November 1970.

Sworn to before me this
12th day of April, 1972

/S/ DONALD A. NASH
Donald A. Nash

Notary Public

EXHIBIT C-7 993

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

- against -

TILNEY & COMPANY,
FREDERICK TILNEY,
Defendants.

67 Civil 4676

AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF ALASKA)
) ss.:
BOROUGH OF MATANUSKA-SUSITNA)

EDWARD S. E. NEWBURY, being duly sworn, deposes and says:

That I reside at Box S-880, Palmer, Alaska 99645 and that I formerly resided at 5-510 H Street, Apartment B. Elmendorf Air Force Base, APO Seattle, Washington;

That Mrs. Newbury and I were customers of Tilney & Company while residing at Elmendorf Air Force Base, Alaska;

That during the course of the receivership of Tilney & Company we received only a few communications from the receivers or their representatives although we attempted to communicate with them on a number of occasions without success; that for a period of nineteen months we received absolutely no communication of any nature from the receivers;

That in view of the lack of communication we were uncertain as to the value of our account and we were led to assume that we had no equity returnable to us until we received information from Mrs. Tilney commencing in November 1970.

/S/ Edward S. E. Newbury
Edward S. E. Newbury

Sworn to before me this
12th day of April, 1972.

Notary Public

EXHIBIT C-8

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	67 Civil 4676
-against-	AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES
TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	

STATE OF OKLAHOMA)
) SS.:
COUNTY OF OKLAHOMA)

CLELL L. PREWITT, being duly sworn, deposes and says;

That I reside at 1109 West Peebly Drive, Midwest City, Oklahoma 73110 and that I formerly resided at 21-520 G. Lemon Street, Seattle, Washington 98742;

That my wife, Mildred A. Prewitt, and I were customers of Tilney & Company while in Alaska;

That we filed a claim with the Receivers of Tilney & Company in the amount of $5,238.25 which claim has been paid;

That on May 11, 1970 I wrote to the receivers' attorney, Robert G. Benisch, Esq., of the firm of Berman, Paley, Goldstein & Berman, 10 East 40th Street, New York, N. Y. 10016, a copy of which letter is attached hereto and marked Exhibit 1; that a carbon of this letter was furnished to Franklin Ormsten, Esq., of the United States Securities and Exchange Commission at their New York office;

Receiving no answer, I again wrote Mr. Benisch on August 13, 1970

EXHIBIT C-9

(Exhibit 2) with a carbon copy to Mr. Ormsten and that I finally received an answer from Mr. Benisch on August 18, 1970 (Exhibit 3).

That as indicated in the correspondence, we were dissatisfied with the meager and meaningless information furnished from the receivers.

/S/ Clell L. Prewitt
CLELL L. PREWITT

Sworn to before me this
13 day of April, 1972.

Notary Public

EXHIBIT C-9

May 11, 1970

Robert G. Benisch
Berman, Paley, Goldstein & Berman
10 E. 40th St.
New York, N.Y. 10016

RE: Tilney & Company

Gentlemen:

Enclosed is a change of address card.

The last word I have received from you was a letter dated Aug. 8, 1969, in which you stated you were attempting to liquidate certain blocks of bank stocks owned by Tilney & Co., and that you hoped they would provide needed cash to pay administration expenses and all claims of creditors in their full amount.

I submit that at this rate there will be nothing left to distribute to creditors after administration expenses have been payed, for it is becoming obvious that this receivership will drag on as long as the money holds out, and then be conveniently closed, with the creditors left holding the bag, and the receivers holding the money.

I vigorously recommend that the Securities and Exchange Commission take a long hard look at this situation to see why it has taken the receivers approximately 3 1/2 years to fail to accomplish the things they were speaking of having accomplished in the near future over 3 years ago.

I would appreciate a prompt reply from both the receivers and the Securities and Exchange Commission concerning the progress made and an estimated distribution date.

Sincerely,

/S/ Clell L. Prewitt

cy to: Mr. Franklin Ormsten
Securities & Exchange Commission

Exhibit 1
to Exhibit C-9

Clell L. Prewitt
1109 W. Peebly Dr.
Midwest City, OK 73110

Aug. 13, 1970

Robert G. Benish
Berman, Paley, Goldstein & Berman
10 E. 40th St.
New York, N.Y. 10016

re: Tilney & Company

Gentlemen:

Might I remind you that I did not receive an answer from the receivers on my letter of May 11, 1970.

This letter is to pass along a little information I happened across of which I am sure you were aware; but just saw no real reason to pass along to me.

Gentlemen, according to this I hold a preferred claim, and if I do not receive an immediate settlement of my claim, I will initiate legal proceedings aginst you for deliberately stalling the distribution of Tilney & Co. assets for your benefit.

I request from the Securities & Exchange Commission an exact amount of cash which has been raised from the sale of Tilney & Co. assets (the total now available) by the receivers to date, and if anybody has received payment of their claim at this time.

Sincerely,

/S/ Clell L. Prewitt

Clell L. Prewitt

cyto: Mr. Franklin Ormsten
Securities & Exchange Commission
W/attachments

Exhibit 2
to Exhibit C-9

BERMAN, PALEY, GOLDSTEIN & BERMAN

August 18, 1970

Mr. Clell L. Prewitt
1109 West Peebly Drive
Midwest City, Oklahoma 73110

Re: Tilney & Company

Dear Mr. Prewitt:

In response to your letter of August 13, 1970, please be advised that the records of Tilney & Company disclose that despite the confirmations sent to you, the shares of stock ordered by you were never purchased. There are, therefor, no shares of stock registered in your name or "street name" in the possession of the receiver or Tilney & Company. Accordingly, you have no preferred claim in this receivership. Your claim has been and will continue to be treated in the same manner as the claims of the numerous other customers of Tilney & Company whose purchase orders were handled in the same manner as yours. If you doubt the accuracy of the above or wish to pursue the matter further, I suggest you contact an attorney who may be able to advise you as to your rights in this regard.

At the present time the receiver has liquidated over $250,000 worth of Tilney & Company assets. No disbursements of these proceeds have been made to anyone due to the fact that there are presently claims of customers and administration in excess of the cash on hand. The receiver has been using every effort to affect further liquidation of assets so that claims of creditors such as yours may be paid in full and the receivership terminated. This further liquidation has been hindered by the adverse economic conditions which have prevailed in recent months coupled with the lack of a readily available market for the remaining assets which are in the form of stock of small banks not traded on any exchange.

Your statement regarding the stalling of the distribution of assets is both irresponsible and uncalled for. Statements such as these certainly do not assist the receiver in what has turned out to be a monumental task of administering this estate.

Please be assured that the receiver, the Securities and Exchange Commission and the Court are all vitally interested in winding up this matter as quickly as possible with a full payout to all customers and creditors. Matters such as this, however, take time and in this regard your patience will be appreciated.

Very truly yours,

/S/ Robert G. Benisch

Robert G. Benisch
Attorney for Receiver

RGB:sdm
cc: United States
Securities and Exchange
Commission

Exhibit 3
to Exhibit C-9

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	67 Civil 4676
- against -	AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES
TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	

STATE OF ALASKA)
BOROUGH OF ANCHORAGE) ss.:

DANIEL W. RIETZE, being duly sworn, deposes and says:

That I reside at SRA, Box 372-R, Anchorage, Alaska 99507;

That I was a former customer of Tilney & Company;

That in February 1968 I was notified that the firm of Tilney & Company was placed in receivership and in December 1968 received a statement of the receivership estate and a claim form; also a letter dated September 20, 1968, a copy of which is attached;

That with these exceptions, I had no further meaningful communications from the Receivers;

That I contacted numerous agencies in an effort to obtain information as to the status of my account and that with the exeption of reference to the suit by the City of Nome impeding the receivership termination, the termination of which I was never informed, I had no facts upon which to base judgment as to the true status of the situation;

That I was favorably surprised to obtain substantial information as to the true status of the receivership through Mrs. Tilney in November 1970.

Sworn to before me this
13th day of April, 1972.

/S/ Daniel W. Rietze

EXHIBIT C-10

Notary Public

April 16, 1968

Mr. Daniel W. Rietze
712 North Pine Street
Anchorage, Alaska 99504

Re: Tilney & Company, Frederick
Tilney Receivership

Dear Mr. Rietze:

I acknowledge the receipt of your letter of April 10th and I have recorded your change of address on our records.

Since the Receivers last communicated with you they have effected the liquidation of a substantial portion of the assets of Tilney & Company. Much of the remaining assets, however, are comprised of inactively traded bank stocks for which there is no readily available market. The Receivers are attempting to liquidate such assets at a fair price in order that the payment to customers and creditors may be made as soon as possible.

We ask your patience while this liquidation process is being carried out and we assure you that we will proceed as quickly as possible.

Very truly yours,

ROBERT G. BENISCH

RGB:mk

cc: I. Alan Harris, Esq.
Joseph C. Hogan, Esq.
Joel Held, Esq.

June 4, 1968

Mr. Daniel W. Rietze
712 North Pine Street
Anchorage, Alaska 99504

RE: Tilney & Company, Frederick
Tilney --Receivership

Dear Mr. Rietze:

I have received your letter of inquiry concerning the status of the above Receivership.

The delay in settling the above Receivership is occasioned by the fact that a substantial portion of the assets of Tilney & Company are comprised of inactively traded bank stocks for which there is no readily available market. Consequently, a market or purchaser must be found before said stocks can be converted into cash.

Until such time as there are sufficient funds on hand, with which to pay all Creditors, no partial payment to Creditors can be made.

I appreciate your concern in this matter and I wish to advise you that the Receivers are proceeding as rapidly as possible to effect the liquidation and pay off the Creditors. I am unable at this time, to estimate when a cash distribution will be made. I shall advise you as soon as the Receivers are in a position to pay your claim.

Very truly yours,

Robert G. Benisch

RGB:es

WAGNER, QUILLINAN & TENNANT

September 20, 1968

Mr. Daniel W. Rietze
239 Seventh Street North East
Valley City, North Dakota

RE: Tilney & Company, Frederick
Tilney, Receivership

Dear Mr. Rietze:

A copy of your letter of September 3, addressed to the Honorable David N. Edelstein has been forwarded to my attention as attorney for the Receivers in the abcve matter.

An examination of the records of Tilney & Company discloses that said company owes you 20 shares of E.I. deNemours. Your wife, Jean M. Rietze, is owed 20 shares of Poliroid Corp., as of December 17, 1967.

Although these shares were ordered and paid for and confirmations may have been received by you, said shares were never in fact purchased for your account by Tilney & Company. The Receivers are attempting to marshal the assets of the above parties and liquidate same for the purpose of paying all just claims of customers of Tilney & Company. Until such time as the liquidation of the assets herein produces sufficient moneys with which to pay all creditors 100% of their claim, no partial distribution to creditors can be made. The reason for this is that it is the responsibility of the Receivers to treat all creditors equally nd not make any interim distributions which may, at a later date, prove to be preferential to one creditor or group of creditors.

As I have attempted to explain in my prior correspondence in reply to your inquiries (copies of which I am enclosing for your convenience) the delay in liquidating the assets of Tilney & Company is occasioned by the fact that a substantial portion of said assets are comprised of inactively traded bank stocks which, although having value,

are very difficult to dispose of. Mr. Harris and I have personally gone to Anchorage, Alaska for the purpose of attempting to sell several of these issues of bank stocks to the various banks concerned and it is our hope, that within a short period of time, we will be offered a fair price for said issues.

In addition to the above liquidation problem, the City of Nome has commenced an action against Frederick Tilney and Tilney & Company for damages amounting to $2,000,000.00. This action must be satisfactorily settled or disposed of or the liability fixed before any distribution to creditors can be made inasmuch as the City of Nome must be treated as a creditor in the same category as yourself.

A formal information letter is presently being prepared for distribution to all customers and creditors involved in this matter. This letter will reflect the current asset and liability picture with respect to the Receivership estates and will be forwarded to you shortly, together with a Proof of Claim for you to fill out and return to the Receivers.

In closing, I wish to state that the Receivers are acutely aware of the situation with respect to the members of the public who attempted to purchase securities through Tilney & Company. We have also attempted in so far as practicable to keep said customers informed as to the progress of the liquidation. Matters such as this, involving a very complicated creditor and asset situation, require considerable time and effort in order that they be resolved successfully. We have been devoting a great deal of such time and effort on your behalf since the inception of the Receivership and we ask you future co-operation and patience in order that we may do the job expected of us by the Securities and Exchange Commission and Judge Edelstein.

Very truly yours,

/S/ Robert G. Benisch

Robert G. Benisch

RGB:es
Encls.
cc: Honorable David N. Edelstein
Securities and Exchange Commission
Joseph C. Hogan
I. Alan Harris

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	67 Civil 4676
- against -	AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES
TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	

STATE OF ALASKA)
) ss.:
BOROUGH OF ANCHORAGE)

JEAN M. RIETZE, being duly sworn, deposes and says:

That I reside at SRA, Box 372-R, Anchorage, Alaska 99507;

That I was a former customer of Tilney & Company;

That in February 1968 I was notified that the firm of Tilney & Company was placed in receivership and in December 1968 received a statement of the receivership estate and a claim form;

That with these exceptions, I had no further meaningful communications from the Receivers;

That my husband contacted numerous agencies in an effort to obtain information as to the status of my account and that with the exception of reference to the suit by the City of Nome impeding the receivership termination, the termination of which I was never informed, I had no facts upon which to base judgment as to the true status of the situation;

That I was favorably surprised to obtain substantial information as to the true status of the receivership through Mrs. Tilney in November 1970.

Sworn to before me this
13th day of April, 1972.

/S/ JEAN M. RIETZE
JEAN M. RIETZE

EXHIBIT C-11

Notary Public

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	67 Civil 4676 AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF ALASKA)
) SS.:
BOROUGH OF ANCHORAGE)

GLENN R. TALLEY, being duly sworn, deposes and says:

That I reside at 3103 Brookside Drive, Spenard, Alaska 99503;

That I was a creditor of Tilney & Company in my own right to the extent of $11,185.00 and that in addition I was a creditor jointly with my wife, Susan J. Talley, in the amount of $4,576.50; that these sums have been paid by Joseph C. Hogan, Receiver for Tilney & Company and Frederick Tilney;

That I claim that I am entitled to interest and other adjustments on the two accounts in the amount of $6,856.91;

That these debts arose in connection with security transactions with Tilney & Company prior to August 9, 1967 on which date I understand Tilney & Company was forced to suspend operations by the United States Securities and Exchange Commission due to alleged violations of certain rules and regulations.

That in August of 1968 I attended a meeting with my ex-wife, Susan J. Talley, in the Anchorage office of the then United States Attorney,

EXHIBIT C-12

Marvin Frankel, Esq.; that present at the meeting in addition to Mrs. Talley and myself was Mr. Gene Lanzaro, who was also a creditor of substantial amount in the same circumstances as I had found myself; that in addition at the meeting were I. Alan Harris, co-receiver, and Robert G. Benisch, Esq., of the firm of Wagner, Quillinan & Tennant, counsel to the receivers; that the

meeting lasted approximately one half hour; that Mr. Benisch and Mr.Harris indicated in their conversations that there was a substantial amount of cash available in their hands; that there were other assets to be liquidated which would take some time;

That further it was clearly stated by both Mr. Benisch and Mr. Harris that no distribution would be made to the creditors until provision had been made for the payment of fees and allowances;

That Mr. Harris indicated Mr. Tilney could do nothing without his sanction or say so including allowing Mr. Tilney to pay his own butcher bills.

That deponent left the meeting without any clear feeling that he would have any recovery on either of hisaccounts and that his wife agreed with this sentiment after the meeting and the other creditor present, Mr. Gene Lanzaro, expressed the same views.

That subsequently I met in New York with Robert G. Benisch, Esq., for about one hour and felt no better after that meeting than the one held in Anchorage in August 1968;

That in December 1968 I received claim forms and a statement of status from the Receivers which further indicated to me that my chance or recovery was slight;

That I never received from the receivers, their attorney or their accountants any information that would have indicated to me that my accounts had any substantial value.

/S/ Glenn R. Talley
GLENN R. TALLEY

Sworn to before me this
12th day of April, 1972.

Notary Public

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

- against -

TILNEY & COMPANY,
FREDERICK TILNEY,
Defendants.

67 Civil 4676

AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE FEES OF THE RECEIVER, EX-RECEIVER AND THEIR RETAINERS AND TO SURCHARGE FOR DAMAGES

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

BARTLEY DeBUONA, being duly sworn, deposes and says:

That I reside at Route 106, Muttown Syosset Post Office, L.I., New York 11791;

That I was a creditor of Frederick Tilney personally in the matter of this receivership and that I received less than the amount of my stated account due to opposition of the remaining receiver, Joseph C. Hogan, at a hearing held before Honorable David N. Edelstein, United States District Court Judge, at a hearing September 8, 1971;

That in my view I am still a creditor of Mr. Tilney to the extent of $1,558.48 and expect to receive this amount from him;

That I accepted the payment approved by the Court of $5,000 since I was in need of f is and the long delay in the receivership of Tilney & Company had seriously hurt me;

That during the course of the receivership I made many calls to I. Alan Harris, the receiver resigned because of a "tainted" sale of assets of the receivership, Joseph C. Hogan, the remaining receiver, and Robert G.

EXHIBIT C-13

Benisch, counsel; that over a three-year period none of these calls gave me any information as to when I might expect my funds;

That I have received only three pieces of correspondence from the receiver or counsel during the entire proceedings, the first being a communication to creditors dated February 26, 1968, the second a communication dated October 31, 1968 but not received until mid-December of that year and the communication enclosing my check in October 1971;

That the communication dated October 31, 1968 and received by me in December 1968 led me to believe that it was improbable that I would collect the full amount of my just claim since the report indicated a condition of bankruptcy which would have resulted in a payment of cents on the dollar instead of the 100% distribution that has been made on approved claims;

That in view of the lack of information I felt it necessary to contact Mr. Tilney to find out the true circumstances of the receivership and that having done so I offered to join in any effort to close the receivership and obtain a payment of 100% on the dollar to all creditors and to keep the creditors informed of the true status to prevent further delay on the part of the receiver and his retainers which has been damaging to the creditors as well as to Mr. Tilney;

That I have been contacted by other local merchant creditors of Mr. Tilney who had received no more information than I and these creditors asked me to do everything I could to assure the payment of their claims.

Sworn to before me this
15th day of April 1972.

/S/ BARTLEY DeBUONA
BARTLEY DeBUONA

Notary Public

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

SECURITIES AND EXCHANGE COMMISSION :
Plaintiff :

- against - :

TILNEY & COMPANY, :
FREDERICK TILNEY, :
Defendants :

----------X

67 CIV. 4676

Affidavit in Support

of Motion

STATE OF NEW YORK)
) SS.:
COUNTY OF NASSAU)

Harry S. Pack, being duly sworn deposes and says:

1. Deponent is a member of the Bar of the State of New York and is also admitted to practice in the United States District Court for the Southern District of New York and has been a director and Chairman of the Board of The Waddington Bank since February, 1970 and is and has been President and a director of Jefferson National Bank (LaFargeville, New York) since February, 1971 and is and has been a director of Bank of Philadelphia, (Philadelphia, New York) since October, 1970. The three banks presently have an Application to Merge pending before the Comptroller of the Currency.

2. That Deponent has examined (a) the Report and Petition for Allowance signed May 1, 1970 submitted to this Court by I. Alan Harris; particularly as it pertains to certain statements regarding The Waddington Bank (an extract of that report from page 46 thereof is annexed hereto and marked Exhibit "A".) and (b) an extract from a hearing before this

EXHIBIT D

Court on June 26, 1969 covering pages 5 through 9 which is annexed hereto as Exhibit "B".

3. That on September 24, 1969 the deponent successfully bid $50 per share, in this Court, for 787.251 shares of stock of The Waddington Bank out of the then and still outstanding 2500 shares.

4. That the Bank's investment accounts in 1968 and at present were, and are, sound and the value of the banking house was in 1968 and, is still carried on the books far below its replacement or true value.

5. That in Mr. Harris' report as extracted in Exhibit "A" reference was made to the condition of The Waddington Bank in November and December 1968 in which Mr. Harris described the condition of the Bank as "terrible" based upon the large amount and number of classified loans. That the statements of Mr. Harris in the Court June 26, 1969 (Exhibit "B") were of a similar nature. Mr. Harris might have been technically correct in that the New York State Banking Department had classified a substantial number of loans and the total of such classified loans was in excess of the Bank's capital, surplus and undivided profits. The total of such classified loans, however, was greatly reduced at the time of the next examination and of the total of such classified loans less than ten (10%) percent has had to be charged off up to this date. Mr. Harris did not state that many of the loans that were classified by the examiners were classified for technical reasons that were easily overcome. That the statement by Mr. Harris that the "affairs of The Waddington Bank were in terrible condition" and that a salvage operation was necessary,

is from my vantage point, looking back, a gross overstatement that appraisals might have shown.

/S/ Harry S. Pack
Harry S. Pack

Sworn to before me

April 10, 1971

NOTARY PUBLIC

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	EXHIBIT "A"
-against-	67 Civil Action File No. 4676
TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	REPORT AND PETITION FOR ALLOWANCE

TO HON. DAVID N. EDELSTEIN, UNITED STATES DISTRICT JUDGE

The report and petition of I. Alan Harris respectfully represents:

****

Extracts from the report and petition of I. Alan Harris signed and sworn to May 1, 1970 in connection with his application for fees and allowances in the receivership of Tilney & Company and Frederick Tilney. The text of the report covers 76 pages and has attached to it a schedule of time expended in the matter of the receivership consisting of 31 pages following the text. The following extract is pertinent to the sale and recision of sale of shares of The Waddington Bank owned by Tilney & Company.

****

Extract from report, page 46

It subsequently developed that the affairs of The Waddington Bank were in a terrible condition. Tilney's information as to the same was grossly erroneous. When Mr. Studley, in late November or December, was advised by Messrs. Hansen and Howard, two of the directors and the president and counsel respectively of the bank, of only part of their problems, Mr. Studley requested your petitioner to become a director of the bank along with him at the next stockholders' meeting, then scheduled for January 1969, so that the knowledge, experience,etc. of your petitioner would be available in an attempt to salvage, not only Mr. Studley's invest-

ment in the bank, but the bank itself. As previously made known to this Court, your petitioner felt personally responsible for not having properly investigated and analyzed the bank; and without realizing that the same might in any manner be deemed improper, and without any financial interest therein,

-1-

accepted the directorship and attended the meeting of the board of directors in March 1969, the necessary 100 shares of stock for qualification under the Banking Law having been transferred (for record purposes only) into the name of your petitioner.

****

-2-

****

(Last paragraph, page 75 of report)

Wherefore, your petitioner prays that this Report and Petition be passed and allowed; that an order be entered passing and allowing the same as the account of your petitioner and fixing the amount of your petitioner's compensation and expenses in the respective sums of $57,500 and $534.66 and directing the payment thereof out of the receivership estate as part of the costs and expenses of administration thereof; and discharging and releasing your petitioner (and Fidelity and Deposit Company of Maryland as his surety) from his office as Receiver and by reason of his acts and actions therein.

/S/ I. Alan Harris
I. Alan Harris, Petitioner

****

(page 76)

STATE OF NEW YORK
COUNTY OF NEW YORK

I. Alan Harris, being duly sworn, deposes and says:

I am the petitioner above named. I have read the report and petition for allowance annexed and the same is true to the best of my knowledge, information and belief.

No agreement or understanding in any form or guise exists between me and any other for a division of the compensation to be paid to me in this proceeding.

S/ I. Alan Harris
I. Alan Harris

Sworn to before me this
1st day of May, 1970.

Notary Public

NOTES TO APPENDIX

For Exhibit B to affidavit of Harry S. Pack, Esq., of April 10, 1971, see Volume I of Appendix containing pertinent extracts from transcripts of hearings (Tr. 6/26/69, pp. 5-9) (Appendix pages 216 - 220).

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

SECURITIES AND EXCHANGE COMMISSION, :
Plaintiff, :
67 Civ. 4676
-against- :
ORDER
TILNEY & COMPANY, :
FREDERICK TILNEY, :
Defendants. :

- x

At New York in said District this 18 day of April, 1972.

Upon the proof of claim of the creditor hereinafter set out in the annexed Schedule I, duly filed with the Receiver, no objection having been filed to the allowance thereof by parties in interest; and upon the proof of claim of the creditor hereinafter set out in the annexed Schedule II, duly filed with the Receiver, and it appearing that said claim has been compromised at a reduced amount as indicated in said schedule by agreement between the creditor and the Receiver, no objection to said reduced amount having been filed by parties in interest; and it appearing that at a hearing before this Court on the 23rd day of March, 1972, said claim was determined by the Court at the amount indicated in said schedule; and it appearing that said claims have been duly proven and should be allowed to the extent provided in the annexed schedules; and upon the oral application of the Securities and Exchange Commission made at a hearing before this Court on the 29th day of January, 1971; and upon the affidavits of Franklin D. Ormsten, Esq., of the Securities and Exchange Commission, sworn to the 29th day of January, 1971, and Joseph C. Hogan, Receiver, sworn to the 30th day of April and the 31st day of August, 1971, and the 28th day of

January, 1972, and duly filed herein; and it appearing that the liquidated assets of the Receivership are sufficient to cover a distribution to creditors by the Receiver to the extent of 100% of creditor's claims, as allowed, it is

ORDERED, that the claims as set out in Schedules I and II be and the same hereby are allowed as unsecured claims in the respective sums set opposite the several names in said schedules, and it is further

ORDERED, that the Receiver is hereby authorized and directed to distribute to the respective creditors set out in Schedules I and II the amount set opposite the several names in said schedules.

Dated: New York, New York
April 18, 1972.

/S/ David N. Edelstein
U. S. D. J.

SCHEDULE I

Creditor claim approved as filed

Claim No.	Name and Address	Amount
191	Aubrey K. Bills 4904 Roger Road Anchorage, Alaska 99502	$ 112.00
	Total	$ 112.00

SCHEDULE II

Creditor claim approved as reduced by compromise

Claim No.	Name and Address	Amount
111	Francis I. DuPont & Co. 1 Wall Street New York, New York	$1,527.61 (1)
	Total	$1,527.61

(1) Claim was filed in the amount of $3,055.21

RECAPITULATION

	Amount to be Distributed
Schedule I	$ 112.00
Schedule II	1,527.61
Total	$1,639.61

ENDORSEMENT

Pursuant to Rule 4(c) of the General Rules for the Southern and Eastern Districts of New York, the defendants have applied to substitute attorneys. On March 23, 1972, oral argument was held on this matter. General Rule 4(c) requires that ". . . satisfactory reasons for withdrawal or displacement. . ." be shown. Defendants do not have an absolute right to substitute attorneys. Butterman v. Walston, 387 F.2d 822, cert. denied 391 U.S. 913, rehearing denied 395 U.S. 942. After careful deliberation this court determines, upon all the factors involved, that the defendants have not shown satisfactory reasons to allow the requested substitution.

Accordingly, the application is denied.

So ordered.

DAVID N. EDELSTEIN, Ch. J.
U.S.D.C., S.D.N.Y.

Dated: New York, N.Y.
April 18 1972.

U.S. DISTRICT COURT
FILED
APR 18 1972
S. D. OF N.Y.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

TILNEY & COMPANY, FREDERICK TILNEY,

Defendants.

CONSENT TO CHANGE ATTORNEY and SUPPORTING AFFIDAVIT

CADWALADER, WICKERSHAM & TAFT
One Wall Street
New York, N. Y. 10005
(212) 425-3000
Attorneys for Defendants

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

TILNEY & COMPANY
FREDERICK TILNEY,

Defendants.

67 Civil 4676

PRELIMINARY REPLY AFFIDAVIT

----------x

STATE OF NEW YORK)
: SS : -
COUNTY OF NEW YORK)

I. ALAN HARRIS, being duly sworn, deposes and says:

This Preliminary Reply Affidavit is being prepared for submission to this Court although your deponent will be requesting additional time to reply in detail and to submit a memorandum answering such papers and arguments as this Court determines are properly it. Therefore, the main thrust of this affidavit is to raise objections to the consideration by this Court of certain of the defendants' papers and arguments.

This procedure is deemed necessary as your deponent was deluged with a tremendous volume of papers, marked and backed in an unusual fashion, requiring an inordinate amount of time and research merely to attempt to understand the procedure being following by the defendants so as properly to respond thereto. Your deponent is entitled to be confronted with papers and proceedings in accord with all of the applicable rules and laws.

It is submitted that unless this Court assists in clarifying this aspect of this matter, it will be impossible (and highly prejudicial) to determine the issues, arrive at a proper result, provide a proper record, etc.

Objection is strenuously made to the consideration by this Court of the defendants' papers to the extent the same contain, are accompanied by, or purport to contain, copies of affidavits or other writings allegedly written by third persons for the sole purpose of use by Mr. Tilney in support of his "application" for surcharge. In fact, if it is made known at the hearing now scheduled for 2:30 P. M. on this day, April 19, 1972, that the entire mass of papers labelled "Supplemental Affidavit . . . In support of Application for Surcharge" are not being submitted in good faith by counsel for Mr. Tilney, then this objection to acceptance by this Court is extended to cover said entire "Supplemental Affidavit . . . " and the accompanying Affidavit of Mr. Bartley DeBuona and Mrs. Dorothy M. Tilney.

There seems to be little dispute that said latter two persons have no further cognizable interest in this matter, certainly not to the extent of any interest in any claim for surcharge. Their claims as creditors have been paid in full; and interest, if any is properly payable to them, is a financial certainty and apparently agreed to by all parties, only the time of payment remaining open.

In addition, the fact is that most of the papers in question are hearsay, irrelevant and incompetent for the purpose

submitted.

Furthermore, the matter of a possible surcharge must be initiated by proper papers and in a proper manner, so that answers can be made to the allegations, if properly made, served and filed, are sufficient in law to require answers. Thereafter, proper and well-known procedures can be followed to obtain specifications, details and particulars of the allegations, evidence can be offered or objected to, testimony taken, and so on.

Adverting briefly to your deponent's application which is properly before the Court, and which was served and filed two years ago, i.e., the application for an order allowing your deponent's Report and Petition for Allowance as the account of your deponent as a co-receiver (to the date of his withdrawal) and fixing the amount of your deponent's compensation and expenses as such in the sum of $58,034.66, etc., Exhibit A of Mr. Tilney's affidavit purports to be s study of the time charges of your deponent. It is impossible to reply to the bare conclusions, innuendoes, outright falsehoods, columns of figures having the appearance of accuracy, and categorizations and characterizations advanced by Mr. Tilney.

The defendant should be required to particularize which specific entries in the time charges and records are objected to and the grounds therefor. He should also be required to refrain from using scurrilous and scandalous phrases and charges, completely unsupported by the evidence and transcripts.

The facts are that your deponent did not resign nor was he removed, nor did he withdraw as a result of any transaction involving the stock of The Waddington Bank. The transcript shows that the offer to withdraw was made in what was believed at that time to be in the best interests of the estate in order to eliminate an impasse in communications.

Furthermore, the Securities and Exchange Commission has never stated, claimed, determined, nor found that the sale of said stock to Mr. Studley was "tainted". In performing his function as the attorney or representative of the New York office of the Commission, Mr. Ormsten used the word as the view of either himself or of some unknown superior attorney on the staff of said office.

Other false statements abound, both in Mr. Tilney's affidavit and in the memorandum. In many, if not in most, cases, Mr. Tilney expressly knew and consented to the sales of the assets, or at least, knew within a short time after each sale. He expressly knew and consented to the sale of the stock of The Waddington Bank, was pleased that the price was higher than the price obtainable through Blyth & Co., and knew that Mr. Studley was a long-time acquaintance and friend, and had been a fellow law student almost 30 years before.

Sec. 2004 of Title 28 is patently inapplicable in the light of the order of the Court herein, and all concerned acquiesced in the procedures followed herein in the sale of assets, certainly during all the times your deponent acted as receiver.

Mr. Tilney never objected nor brought this aspect of the matter to the attention of the Court during any of that period. He had nothing but praise for the work performed and the manner thereof.

WHEREFORE, your deponent respectfully requests (a) that the Supplemental Affidavit of Mr. Tilney and the Affidavit of Mr. DeBuona and Mrs. Tilney be rejected in their entireties; (b) that the Affidavit of Mr. Tilney be deemed amended by deleting therefrom all exhibits purporting to be affidavits or letters of third persons not heretofore served or part of the record in this matter; (c) that the defendants be required to particularize their objections to the items of work recorded as performed by your deponent in his Report; (d) that all scandalous or scurrilous matter in Mr. Tilney's affidavit or memorandum be deleted; and (e) that your deponent be granted additional reasonable time to prepare and serve reply papers and a memorandum.

I. ALAN HARRIS

Sworn to before me this
19th day of April, 1972.

[illegible]
[illegible] New York
[illegible] County
Co[illegible] 1974

1026

mkz

[1]

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

- x

SECURITIES & EXCHANGE COMMISSION, :

Plaintiff, :

-against- : 67 Civ. 4676

TILNEY & COMPANY and FREDERICK TILNEY, :

Defendants. :

- x

April 19, 1972
2:30 p.m.

Before:

HON. DAVID N. EDELSTEIN,

Chief Judge.

Appearances:

FRANKLIN ORMSTEN, ESQ.
Attorney, Securities & Exchange Commission

WAGNER, QUILLINAN & TENNANT, ESQS.
Attorneys for Receivers
By: ROBERT F. WAGNER, ESQ. and
ROBERT G. BENISCH, ESQ.
of Counsel

JOSEPH C. HOGAN, Receiver

I. ALAN HARRIS, ESQ.
Withdrawn Co-Receiver

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UNITED STATES COURT HOUSE
FOLEY SQUARE, N.Y., N.Y. 10007 TELEPHONE: COURTLANDT 7-4580

Appearances (Continued):

CADWALADER, WICKERSHAM & TAFT, ESQS.
Attorneys for Defendants
By: TERENCE F. GILHEANY, ESQ.
of Counsel

SAXE, BACON & BOLAN, ESQS.
Attorneys for Mrs. Tilney
By: THOMAS A. BOLAN, ESQ.,
of Counsel

Also Present:

Mr. Frederick Tilney
Mrs. Dorothy Tilney
Dr. B. Bernard Greidinger
Mr. Jerry Klein
Mr. Sidney Rothman, C.P.A.
Mr. Harry Garber,
Public Accountant representing Louis D. Blum & Co.

- - -

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UNITED STATES COURT HOUSE
FOLEY SQUARE, N.Y., N.Y. 10007 TELEPHONE: CORTLAND 7-4580

are concerned.

We, therefore, have the possibility of what purports to be an affidavit of an individual. Nowhere do we find whether he has ever signed this affidavit, neither in the court's files nor in either one of these two sets of papers. One has Cadwalader's back and one not in Cadwalader's back.

I submit under those circumstances -- and that is my application, and so the preliminary reply affidavit points out, that we are entitled to some clarification of exactly what papers we are to reply to -- whether certain papers are properly before the Court now or not.

THE COURT: I will say the only papers properly before the Court are the papers interposed by Mr. Gilheany in behalf of Mr. Tilney, and none other.

MR. TILNEY: Your Honor, may I rise to a point of order, sir?

I prepared those papers myself, and I filed them, and I feel I have justice here, because I was not allowed a change of counsel to proceed.

I would like that in the record.

THE COURT: Mr. Tilney, your remarks are recorded.

MR. HARRIS: The other point I would like to make, your Honor, is this: I point out that there is an affidavit

in Mr. Gilheany's papers which is neither signed nor conformed, nor is the copy on file in the court signed or conformed.

THE COURT: Mr. Gilheany?

MR. GILHEANY: Your Honor, Mr. Tilney advised me that he has that affidavit, signed and duly executed, with him at this time.

If I may, while I am on my feet, speak to what Mr. Benisch and Mr. Harris have said, I did serve and file the affidavit which does not have a Cadwalader back, as a courtesy and convenience to Mr. Tilney. And, frankly, I have not read that affidavit. It was prepared by Mr. Tilney, himself.

I do not think that Mr. Benisch's point is well taken that Cadwalader has rejected the contents of that affidavit, because no one in the firm has read the affidavit.

As your Honor is aware, and as everyone else here is aware, from papers served on everybody in connection with the recent application for substitution, there were some general differences of opinion as to one broad aspect of the matter to be -- the material to be submitted on behalf of the defendants here today; but we, Cadwalader, have taken no position one way or the other on the details of the affidavit that is not backed up by us.

The affidavit that does bear our back is an affidavit that was prepared by Mr. Tilney, himself. It was reviewed, I must admit, briefly and hurriedly by me on Monday morning, and it was served and filed on Mr. Tilney's representation that Mr. Bellingham's affidavit, to which reference has been made, would be duly executed, and I am advised by Mr. Tilney that it has been.

That is really as much as I can say in response to what has been said here so far today.

MR. HOGAN: I would like to make a point.

I understand Mr. Gilheany submits an affidavit to this Court with his back that he hasn't even read?

MR. GILHEANY: No, I think Mr. Hogan misquotes me. I said I have read the affidavit that was submitted under Cadwalader's back. I have not read the affidavit that was not submitted under Cadwalader's back.

THE COURT: Are you prepared to proceed?

MR. BENISCH: Your Honor, the administrators of this estate have made applications for allowances herein, and have filed with the court and served on the various parties written applications verified in support of the amounts they are seeking to secure.

I would point out to the Court that the contents of these applications are very specific, elaborate, that they

the expiration of three weeks, is that correct?

MR.GILHEANY: That is correct, your Honor.

THE COURT: Now turning to Mr. Tilney's affidavit, which is more in the nature, as I understand it, of an application, perhaps, for a surcharge, if you wish to submit any memorandum of law in support of that application and serve it upon your adversaries and furnish the Court with a copy, at that time consideration will be given to it, and I will expect counsel for the receivers to submit any papers in opposition.

MR.TILNEY: Thankyou, sir. That is all I ask of you.

THE COURT: I think the question of standing is one that you should consider very seriously. Perhaps that will be explained to you in greater detail by counsel.

Is there any further business?

MR. HARRIS: Yes, your Honor.

THE COURT: Oh, yes. One point I would like to direct to the SEC, I should like you to make an estimate on what the interest payout will total.

MR. ORMSTEN: Yes, sir.

MR. GILHEANY: Your Honor?

THE COURT: Yes?

MR. GILHEANY: Is the memorandum with regard

to standing and the surcharge affidavit, is that due within this three-week period?

THE COURT: I am not putting any date line on that at all.

MR. GILHEANY: I see; I understand.

THE COURT: I consider that entirely separate and apart from the proceeding held here today on the application for fees. I do not think this application at the moment has any validity. I do not think it has any viability. I am prepared to be educated and informed. I am prepared to receive appropriate papers at the appropriate time, appropriate memoranda as called for by the local rules, and I would ask that the local rules regarding all motions be scrupulously and meticulously and precisely adhered to.

You are all familiar with the local rules of this court.

MR. BENISCH: Your Honor, am I correct that this memorandum is going to be submitted by counsel for Mr. Tilney?

THE COURT: No, you are not correct. I have made no effort to indicate who is charged with submitting any memorandum at all. I have merely said that this affidavit, which may be in the nature of an application -- I merely use that for want of a better means of denominating it -- is something entirely separate and apart from this fee

application proceeding. And if Mr. Tilney wants to proceed by appropriate papers, appropriate motion and appropriately supported in compliance with all the rules of the Court, he may, and he has permission to do so.

I would expect at that point that any opposition must be met in precisely the legal way I have prescribed for any application -- either by Mr. Tilney or by anyone else.

Now that seems to me to be reasonably clear and simple -- any application which is appropriately made, appropriately supported, will be considered but will not be considered in connection with this fee application.

MR.HOGAN: Your Honor, may I ask for clarification here? Substitution has been denied?

THE COURT: That is correct.

MR. HOGAN: Of Cadwalader, Wickersham & Taft?

THE COURT: That is correct.

MR. HOGAN: They are representing the defendant Tilney. Tilney, by virtue of this affidavit, is the only one asking for a surcharge here. Therefore he should be represented by the same counsel. He is not a creditor; he is a defendant in this action.

THE COURT: Mr. Hogan, if you have an application by way of opposition to any proceeding that takes place

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subsequently, if you feel that the order of this court is contravened, I will act accordingly.

I am merely suggesting that you are somewhat premature. I do not know who is going to prepare the application. I do not know how it is going to be supported, and indeed that is not my concern at this time.

I have endorsed these papers, based on the application for substitution -- I think it is very clear, and if there is any derelication or any attempt made to avoid the order I shall deal with it accordingly.

MR. HOGAN: Well, I would like to point out --

THE COURT: I do not understand your concern.

MR. HOGAN: If counsel is going to submit opposition to this before the return date, he has to put in an awful lot of labor and time, if the papers are not properly submitted to this Court at that time.

THE COURT: Mr. Hogan, I do not have a crystal ball and I cannot see any impropriety at the moment. You will have to abide the event, don't you think?

MR. HOGAN: Well, I think perhaps counsel before putting in all this work should make an application to the Court to see if he is bound to make a reply.

THE COURT: I will leave that up to counsel.

MR. HOGAN: Thank you, sir.

corporations, for that matter, that most frequently the proper place to find a bid is from some insiders who know what is going on.

The highest bid we got from them was something like $15 a share. We rejected it because it was not offered to us to take or reject, but to ourselves we rejected it, and we continued our offering the shares through the brokerage firms mentioned -- Francis I. duPont, and I think M. A. Shapiro & Company, Blythe & Company, and elsewhere.

Subsequently, Blythe & Company came up with an acceptance of $20 a share, as I recall.

The point I am making is this -- and Mr. Tilney, of course, knew everything that was going on. He knew it was being offered and we were in daily touch with him, in daily discussion concerning every aspect of the estate, and certainly the major aspects of the estate. He knew it was being offered at $20 or $21 a share.

A small block of stock, which constituted an aggregate of the fraction resulting from a stock dividend -- that was sold at auction on the floor of the bank, on notice to all stockholders, and sold for $23 and change per share.

I think there were other trades, and I think there is correspondence in the file on the stationery of the Mattinicock Bank to the effect that shares had sold -- if you

will excuse me, a moment --

(After examining)

Well, let me say this; for numbers distinctly under $25 a share.

The point I am making is that the sale of the 6060 shares in question, of which Mr. Tilney and Mrs. Tilney had knowledge and participated in, to the extent of correspondence from Mrs. Tilney, that some of the shares made up and pledged were her shares, and we had to give instructions to the holding bank, the pledgee bank, that a certain number of shares were Mrs. Tilney's and to be spun off and put into her name, rather than in the name of Tilney & Company.

I mean, the participation was intense and intimate and, as I say, the stock was subsequently sold after many, many weeks of being available on the market.

Mr. Tilney and counsel are now making a big thing out of the Mattinicock Bank matter, and they, of course, make false statements that he did not know what was going on; that he did not consent to the sale.

Section 2004 of Title 18 was not followed. Ignoring the fact that perhaps $1 million worth of assets had been sold from the inception of this receivership with us -- Mr. Tilney's express signature, express consent, intimate knowledge, acquiescence, and every other doctrine of law that

applies to it -- and he is now coming in here and saying that Mr. Hogan and I did a dastardly thing in selling, and also that we were deliberately lying in that we never met Mr. Bellingham.

He is waving this red herring, and this is the affidavit, couched in very unusual language.

THE COURT: Well, what is the point? You said you are trying to make a point. What is the point?

MR. HARRIS: I am addressing myself to the point concerning the Waddington Bank and the Mattinicock Bank as two major points made by Mr. Tilney in his answering affidavit and papers here. That is the point I am making, your Honor.

(After examining)

I regret my inability at this moment to locate the letter on the stationery of the Mattinicock Bank -- well, number one, to the effect that the fractions aggregating 149 shares were sold at auction for $23.31 a share.

At the moment, I cannot locate it amongst these papers, your Honor.

Well, just to cnnclude, your Honor, on the argument of 2004 of Title 28, I am stating it is impossible at this time to document the same, but I am stating that on many, if not most, occasions, up to the time I withdrew as receiver, Mr. Tilney actually and expressly participated in the sale

of the assets to the extent of signing stock transfer powers and assignments, etc.; and even in those cases where he did not actually sign, he found the customers for us. He approved the sale and he acquiesced in every sense, in every one of the sales, and that Section 2004, the argument concerning 2004 should be ignored completely.

Is there anything further, gentlemen?

(No response)

THE COURT: The court stands adjourned.

Incidentally, these papers are going to be filed bearing my endorsement.

MR. GILHEANY: I'm sorry, your Honor?

THE COURT: I said, the papers bearing my endorsement on the application for substitution are being filed.

MR. GILHEANY: Thank you, your Honor.

- - -

Cadwalader, Wickersham & Taft

One Wall Street
New York, N. Y. 10005

Telephone (212) 425-3000
Cable address, Labellum

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*MEMBER ONLY OF THE DISTRICT OF COLUMBIA AND CONNECTICUT BARS

April 20, 1972

Honorable David N. Edelstein, Chief Judge
United States District Court
Southern District of New York
United States Court House - Room 2104
Foley Square
New York, New York 10007

Securities and Exchange Commission v.
Tilney & Company and Frederick Tilney -
67 Civ. 4676

Dear Chief Judge Edelstein:

Pursuant to my request at the hearing in this matter yesterday, which request Your Honor kindly granted, enclosed for filing are the original, duly-executed affidavits of John J. Rieger, Vice President of Long Island National Bank, Walter J. Carroll, Esq., counsel to Long Island National Bank, and Thomas Bellingham, former President and Director of Matinecock Bank. Copies of these affidavits have today been served by mail on all interested parties or their attorneys.

Your Honor will note that the enclosed affidavit of Mr. Bellingham differs in three respects from the form of affidavit attached as Exhibit B-4 to Mr. Tilney's affidavit of April 17, 1972: On page 1, the date "1934" has been changed to "1947". The paragraph and numbered subparagraphs at the bottom of page 2 and the top of page 3 have been deleted. The final sentence in the affidavit has been modified.

When I reviewed Mr. Tilney's affidavit with him at my office on the morning of April 17, we discussed the fact

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that Mr. Bellingham had not executed his affidavit. Mr. Tilney pointed out that the possibility that Mr. Bellingham would not have executed his affidavit by the time prescribed by Your Honor for service and filing of papers on the instant applications was made very clear, not only by the condition of the form of affidavit itself, but also by the "Index to Exhibit B" preceding it. Mr. Tilney also assured me, and indicated that Mr. Bellingham had assured him, that Mr. Bellingham would execute his affidavit in the form annexed to Mr. Tilney's affidavit of April 17. Accordingly, that affidavit was served and filed.

It now appears that Mr. Bellingham's affidavit, executed by him on April 19, 1972, contains the changes referred to above. For this I apologize to the Court and respectfully request the Court to accept the enclosed affidavit of Mr. Bellingham for filing in lieu of Exhibit B-4 to Mr. Tilney's affidavit of April 17, and to disregard the form of affidavit annexed thereto as Exhibit B-4. Since all parties have until May 10, 1972 to respond to these papers, it would seem that no one would be prejudiced by the granting of this request.

So that all parties may be fully advised in the circumstances, copies of this letter, as well as of the enclosed affidavits, have today been sent to all interested parties or their attorneys.

Respectfully,

Terence F. Gilheany

Terence F. Gilheany

TFG/rbc
Enclosures
By Hand
ccs: Franklin D. Ormsten, Esq.
Wagner, Quillinan & Tennant, Esqs.
I. Alan Harris, Esq.
Saxe, Bacon & Bolan, Esqs.

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

JOHN J. RIEGER, being duly sworn, deposes and says:

1. That he is a Vice President of LONG ISLAND NATIONAL BANK, a Federal Banking corporation with its main office at 11 Broadway, Hicksville, New York, and that your deponent is familiar with certain loans made by the said LONG ISLAND NATIONAL BANK to GOVERNMENTAL STATISTICAL CORPORATION in his capacity as a Vice President of theBank in the Commercial Loan Department.

2. That your deponent has been advised by the office of CHARLES R. CARROLL, ESQ., counsel to the Bank, that a petition has been filed in the Federal District Court by WAGNER, QUILLINAN & TENANT, ESQS., the attorneys for JOSEPH C. HOGAN, the Receiver, in which said petition, as well as the supporting affidavit of the said JOSEPH C. HOGAN, both dated February 29, 1972, there are certain statements made indicating that LONG ISLAND NATIONAL BANK complied with the instructions of one FREDERICK TILNEY with respect to its actions regarding the loan of GOVERNMENTAL STATISTICAL CORPORATION.

3. At no time has LONG ISLAND NATIONAL BANK taken action with respect to its loan with GOVERNMENTAL STATISTICAL CORPORATION upon the instructions of FREDERICK TILNEY, or upon the advice of FREDERICK TILNEY, all of the actions of the Bank with respect thereto having been taken in accordance with the independent judgment of the Bank officers having the responsibility therefor. All of such actions by the Bank are a result of its exercise of sound banking judgment with regard to said loan, taking into consideration the amount of the loan, the rate of interest which the

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loan carried, the value of the security pledged to assure payment of said loan, and all such other matters as arose from time to time which had a bearing upon the proper administration of the loan by the Bank.

4. Although LONG ISLAND NATIONAL BANK is not a party to the petition now pending before the Federal District Court, the statements of the Petitioner and the Receiver with regard to the Bank contained in the documents before the Court as aforesaid made it necessary that some response be made thereto. If said statements were to be unchallenged upon the Court record, it would be made to appear that LONG ISLAND NATIONAL BANK had followed the instructions of FREDERICK TILNEY with respect to the administration of the loan of GOVERNMENTAL STATISTICAL CORPORATION. These statements required this short rebuttal for the reason that said statements are not accurate.

John J. Rieger

Sworn to before me this
19th day of April, 1972.

WALTER J. CARROLL
NOTARY PUBLIC, State of New York
No. 41-0584143
Qualified in Suffolk County
Commission Expires March 30, 1973

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

WALTER J. CARROLL, being duly sworn, deposes and says:

1. That he is an attorney associated with the office of CHARLES R. CARROLL, ESQ., the attorney for LONG ISLAND NATIONAL BANK with his office at 130 Newbridge Road, Hicksville, New York.

2. That he has been advised by TERENCE F. GILHEANY, ESQ. of the firm of CADWALADER, WICKERSHAM & TAFT, ESQ. that a certain Petition, dated February 29, 1972 has been presented to the United States District Court by WAGNER, QULLINAN & TENANT, ESQS., in which Petition and supporting papers reference is made to the loan of GOVERNMENTAL STATISTICAL CORPORATION with our client, LONG ISLAND NATIONAL BANK, as well as a special proceeding commenced by the petitioner herein in Supreme Court Nassau County relating to said loan and certain of the collateral held by the said LONG ISLAND NATIONAL BANK.

3. That your deponent, upon being advised of the commencement of said special proceeding appeared therein on behalf of LONG ISLAND NATIONAL BANK; that thereafter your deponent appeared on behalf of the Bank upon the renewal of the motion for an Order seeking the liquidation of the loan, prepared affidavits with regard thereto and appeared at the calendar call on several occasions at Special Term Part III of the Supreme Court of Nassau County. While it is the recollection of your deponent that an application for an adjournment was made on behalf of GOVERNMENTAL STATISTICAL CORPORATION due to the actual engagement of their counsel, Mr. Bolan, no request for an adjournment was ever made

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on behalf of LONG ISLAND NATIONAL BANK. The matter appeared to be progressing in its natural course at the several calls of the calendar referred to above when your deponent was advised by the attorneys for the Receiver and the attorneys for GOVERNMENTAL STATISTICAL CORPORATION that they were agreeable to a stipulation discontinuing the matter without prejudice. Said Stipulation was agreed to and executed by counsel for the Bank because it had no reason to wish to continue the litigation.

4. No delaying tactics have been employed in any respect by counsel for the Bank with respect to obtaining an adjudication of the matters brought before the Supreme Court of Nassau County.

Walter J. Carroll

Sworn to before me this
19th day of April, 1972

CHARLES R. CARROLL
NOTARY PUBLIC, State of New York
No. 30-5628200
Qualified in Nassau County
Commission Expires March 30, 1974

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - TILNEY & COMPANY, FREDERICK TILNEY, Defendants.	67 Civil 4676 AFFIDAVIT IN SUPPORT OF MOTION TO REDUCE RATE OF THE RECEIVER, EX-RECEIVER AND RATE OF RETAINERS AND TO SURCHARGE FOR DELAYS

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

THOMAS BELLINGHAM, being duly sworn, deposes and says:

That I reside at 36 Weir Lane, Locust Valley, New York 11560;

That I was associated with the Matinecock Bank, Locust Valley, New York from 1926 to September 1, 1969 and that I was a director and the President of the Matinecock Bank from 1947 to the date of its merger with the Hempstead Bank, Hempstead, New York; that thereafter I continued as a Vice President of the Hempstead Bank until my retirement September 1, 1971;

That I have examined the Report and Petition for Allowance of I. Alan Harris in the matter of the receivership of Tilney & Company and Frederick Tilney; the report consisted of 76 pages and had attached to it a schedule of time records and references to services performed consisting of 31 pages;

That attached hereto and made a part hereof as Exhibit A are extracts from pages 41 and 42 of the Report and Petition for Allowance and an extract covering the activities of I. Alan Harris on March 8, 1968 extracted from page 8 of the schedule of time records and references to services performed; that there is also extracted in Exhibit A the last paragraph of page 75 of the Report and Petition for Allowance as well as page 76;

That on page 76 of the Report and Petition for Allowance I. Alan Harris signed his name and took an oath on May 1, 1970 as to the veracity of the contents of the Report and Petition for Allowance;

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That I. Alan Harris, as evidenced in the first sentence of the first paragraph on page 42 of his Report and Petition for Allowance, did state "On March 8, 1968 the receivers, pursuant to an appointment previously made by your petitioner, made a trip to the offices of Payne, Wood & Littlejohn, Esqs., Glen Cove, Long Island, and met with Mr. Hendrickson and Mr. Bellingham, President of said bank. The affairs of the bank were discussed, and in particular it was made known that it was desired that the shares be sold. The highest bid that these gentlemen discussed was $15 per share";

That I was not present at any meeting on that date in the offices of Payne, Wood & Littlejohn, Glen Cove, Long Island, with Mr. Hendrickson and that in fact I have never to the best of my knowledge ever met I. Alan Harris; that an appointment had been arranged by Mr. Tilney for the then Receiver I. Alan Harris, Esq., and Co-receiver Joseph C. Hogan, Esq., to meet with me I believe on March 8, 1968; that on the day of the appointment neither of these gentlemen presented themselves at my office at the bank and that later in the afternoon I received a call from Mr. Tilney apologizing for their failure to keep the appointment;

That I have examined the Application for Allowance of Joseph C. Hogan, extracts of which are attached hereto and made a part hereof and marked Exhibit B; that these extracts consist of the first paragraph on page 1 of the Application for Allowance and that extracts have been taken from the text of the application covering 16 pages and 15 unnumbered pages of time records of Joseph C. Hogan; that in Exhibit B, an extract from the application of Joseph C. Hogan, Mr. Hogan states "Early in 1968 the receivers had an extended conference with officers and counsel for the Matinecock Bank in an endeavor to effect purchase by the bank of approximately 2,000 shares of its stock. An indicated offer was deemed inadequate by the receivers";

That further in the schedule of time expended as extracted in Exhibit B there was a notation on March 13, 1968 of a "Trip to Long Island with Harris, Hicksville, Matinecock, 10 hours";

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That I have no knowledge of any conference of officers of the Matinecock Bank on either March 8, 1968 or March 13, 1968 or at any other time with Joseph C. Hogan, Esq., or I. Alan Harris, Esq.; that while there were three other officers of the Matinecock Bank in 1968 none of them ever reported such a meeting to me and I had no such meeting myself;

That had Receivers Harris and Hogan conferred with me I would have told them that a merger would permit an increase in loan limits and also permit the bank to supply additional services then not available.

THOMAS BELLINGHAM

Sworn to before me this
19th day of April 1972.

Notary Public
JOYCE ECKERT
Notary Public, State of New York
Qualified in Nassau County
Certs. filed with the Co. Clk. & Reg.
Term Expires March 30, 1974

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, --against- TILNEY & COMPANY, FREDERICK TILNEY, Defendants	67 Civil Action File No. 4676 REPORT AND PETITION FOR ALLOWANCE

TO HON. DAVID N. EDELSTEIN, UNITED STATES DISTRICT JUDGE

The report and petition of I. Alan Harris respectfully represents:

****

Extracts from the report and petition of I. Alan Harris signed and sworn to May 1, 1970 in connection with his application for fees and allowances in the receivership of Tilney & Company and Frederick Tilney. The text of the report covers 76 pages and has attached to it a schdule of time expended in the matter of the receivership consisting of 31 pages following the text. The following extracts are pertinent to the sale of 6,066 shares of stock of the Matinecock Bank, Locust Valley, N. Y.

****

Extract from report, pages 41 and 42

(page 41)
Sale of Stock of Matinecock Bank
and The Waddington Bank

In the performance of their duties, the receivers from the date of their appointment, in addition to all other administrative and legal services, were seeking to liquidate the relatively more marketable assets. It is respectfully pointed out that the Court and all parties are aware of the nature of the assets, i.e., securities with very limited markets, securities with no markets, securities and debts of affiliated corporations (without any market, of course), family home, pieces of real estate owned by affiliated corporations or debtors, etc.

Matinecock Bank

In any event, on December 18, 1967 the receivers acquired control of 6,066 shares of stock of Matinecock Bank, Locust Valley, New York. Some of these shares were on hand, that is in the safe deposit box taken over

EXHIBIT A

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by the receivers, and others were pledged with Long Island National Bank, Franklin National Bank and Marine Midland Grace Trust Company. The existence of these shares and the desire of the receivers to sell the same, with the acquiescence of Tilney, was made known to Blythe & Co., Inc., Francis I. duPont & Co., M. A. Shapiro & Co. and others.

The receivers analyzed the then existing market for the shares, and noted that in connection with the sale by Matinecock Bank itself of 149 shares of stock resulting from the aggregate fractions at the time of the payment

(page 42)

of a stock dividend in the winter of 1968, said bank received a highest bid of $23.31 per share. In any event, the liquidation of these shares was considered, discussed and was the subject of numerous conferences between the said brokerage firms and the receivers, and between Tilney and the receivers.

On March 8, 1968 the receivers, pursuant to an appointment previously made by your petitioner, made a trip to the offices of Payne, Wood & Littlejohn, Esq., Glen Cove, Long Island, and met with Mr. Hendrickson and Mr. Bellingham, President of said bank. The affairs of the bank were discussed, and in particular it was made known that it was desired that the shares be sold. The highest bid that these gentlemen discussed was $15 per share.

Subsequently and on May 10, 1968, a bid was received through Blythe & Co. of $20.00 a share net for the entire block of 6,066 shares, and the same was accepted with the acquiescence of all concerned, including Tilney. From March 18, 1968, an open order had been maintained at Francis I. duPont & Co. to sell said shares at $21.00, but without success.

Your petitioner took care of the voluminous correspondence and performance of administrative details which were required to conclude the transaction and obtain the funds. The aggregate funds derived from the sale of said shares amounted to $121,016.70, portions of which were received by Long Island National Bank and Franklin National Bank as pledgees of portions of said shares.

****

Extract of report of activities March 8, 1968 in schedule of time spent in the receivership

(page 8 of the schedule)

		Hours
3/8	All-day trip with Hogan to offices of Messrs. Payne, Wood & Littlejohn in Glen Cove, L.I., and meeting and negotiations with Mr. Hendrickson of firm and Bellingham, President, re solicitation of bid for purchase of shares of Matinecock Bank, trip with Hogan to Hicksville and conference and meeting with Tilney, Laidlaw and accountant; meeting and negotiations with manager of City of Nome, an official of the Governor's office of the State of Alaska and Donald L. Holman, Esq. of Seattle, Washington; conference and meeting with Hogan, Tilney and accountant to 7:30 p.m.	10.5

****

(last paragraph, page 75, of report)

Wherefore, your petitioner prays that this Report and Petition be passed and allowed; that an order be entered passing and allowing the same as the account of your petitioner and fixing the amount of your petitioner's compensation and expenses in the respective sums of $57,500 and $534.66 and directing the payment thereof out of the receivership estate as part of the costs and expenses of administration thereof, and discharging and releasing your petitioner (and Fidelity and Deposit Company of Maryland as his surety) from his office as Receiver and by reason if his acts and actions therein.

S/ I. Alan Harris

I. Alan Harris, Petitioner

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(page 76 of report)

STATE OF NEW YORK
COUNTY OF NEW YORK

I. Alan Harris, being duly sworn, deposes and says:

I am the petitioner above named. I have read the report and petition for allowance annexed and the same is true to the best of my knowledge, information and belief.

No agreement or understanding in any form or guise exists between me and any other for a division of the compensation to be paid to me in this proceeding.

S/ I. Alan Harris
I. Alan Harris

Sworn to before me this
1st day of May, 1970.

ALAN C. WLNICK
Notary Public, State of New York
No. 31-9703750 New York County
Commission Expires March 30, 1972

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - TILNEY & COMPANY, and FREDERICK TILNEY, Defendants.	67 Civil Action File No. 4676 APPLICATION FOR ALLOWANCE

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

JOSEPH C. HOGAN, being duly sworn, deposes and says that I. ALAN HARRIS, ESQUIRE and your deponent were duly appointed Co-Receivers of all the assets and property of defendants, TILNEY & COMPANY, a partnership engaged as a security broker-dealer and FREDERICK TILNEY, an individual and general partner of Tilney & Company, on December 18, 1967; that subsequently, by order of this Court dated July 16, 1969, your deponent was designated sole receiver of the above defendants.

****

Extracts from the report and petition of Joseph C. Hogan, signed but not sworn to, in connection with his application for fees and allowances in the receivership of Tilney & Company and Frederick Tilney. The text of the report covers 16 pages and has attached to it a schedule of time expended in the matter of the receivership consisting of 15 unnumbered pages following the text. The acknowledgment of Mr. Hogan's signature was not attached to the copy of the application furnished the defendants and presumably is in the Court file. The following extracts are pertinent to the sale of 6,066 shares of stock of the Matinecock Bank, Locust Valley, N. Y.

****

Extract from report, page 5

Early in 1968 the receivers had an extended conference with officers and counsel for the Matinecock Bank in an endeavor to effect purchase by the Bank of approximately 2,000 shares of its stock. An indicated offer was deemed inadequate by the receivers. Subsequently, based on information acquired at the conference and from other sources, the receivers were able to sell the block at a profit differential of about four points.

****

EXHIBIT B

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Unnumbered page 4 of Schedule of Time Expended,
Unnumbered item 10

****

DATE		HOURS
1968		
3/13	Trip to Long Island with Harris, Hicksville, Matinecock	10

****

****

WHEREFORE, deponent prays that an interim allowance of $45,000.00 be made on account of services rendered by him during the period of December 18, 1967 to February 28, 1970 without prejudice to deponent's right to apply in the future for the allowance of additional compensation for his services.

S/ Joseph C. Hogan
JOSEPH C. HOGAN

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

67 Civ. 4676

-against-

ORDER TO SHOW CAUSE

TILNEY & COMPANY
FREDERICK TILNEY,

Defendants.

----------x

On reading and filing the affidavit of I. Alan Harris, sworn to the 27th day of April, 1972, and on all the pleadings, proceedings and other papers heretofore had and served herein, let the defendants show cause before this Court, at Room 618 of the United States Courthouse, Foley Square, New York, New York, on the 4th day of May, 1972, at 2:00 o'clock in the afternoon of that day or as soon thereafter as counsel can be heard, why an order should not be made, upon the grounds set forth in the aforesaid affidavit:

(a) rejecting and returning the affidavits of John J. Rieger, Walter Carroll, and Thomas Bellingham, all sworn to on April 19, 1972;

(b) rejecting and physically removing and deleting from the record on file herein the unsigned Bellingham affidavit (Exhibit B-4), the affidavits alleged to have been executed by customers or creditors of the defendants (Exhibits C-1 through C-13), and the affidavit of Harry S. Pack (Exhibit D), all of said exhibits being exhibits to the affidavit of Frederick Tilney of April 17, 1972;

(c) providing for an evidentiary hearing as to the circumstances and facts surrounding (i) the execution and obtaining of the aforesaid affidavits, (ii) the failure to obtain the Bellingham affidavit as originally served and filed in this matter, (iii) the failure to make clear to the Court and the interested parties at the time of said service and filing that the said Bellingham affidavit was not yet executed, (iv) the misstatement and false implication to the Court and the interested parties at the hearing that the affidavit allegedly actually signed by Mr. Bellingham was the same affidavit as served and filed, and (v) the truth, accuracy and completeness of the substance of said affidavits;

(d) if it be determined that an evidentiary hearing should be had, why the same should not proceed forthwith; and

(e) for such other and further relief as to the Court may seem just and proper.

Sufficient reason appearing therefor, let service of a copy of this order and the aforesaid affidavit of I. Alan Harris upon the attorneys for the defendants, the attorney for the plaintiff, the attorneys for the receiver, Joseph C. Hogan, by certified mail, return receipt requested, and upon the following affiants and other named persons, at the following addresses being their addresses as set forth in their said affidavits and in the telephone directory, on or before the 1st day of May , 1972, be deemed sufficient;

AND in the event any of said affiants shall fail to

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appear and to submit to questioning as to the matters to be heard at said evidentiary hearing, the respective affidavits shall be stricken and ordered removed and deleted from the record forthwith;

AND it is further ordered that said affiants are to bring with them and produce for use at said evidentiary hearing, if proceeded forthwith, all papers, letters and documents relevant to the issues.

The names and addresses of such affiants are as follows:

NAMES	ADDRESSES
John J. Rieger	c/o Long Island National Bank 11 Broadway, Hicksville, N. Y.
Walter J. Carroll	130 Newbridge Road, Hicksville, N. Y.
Thomas Bellingham	36 Weir Lane, Locust Valley, N. Y. 11560
Earl E. Allen	8 Alexander Drive, Hampton, Virginia 23364
George Brooks	33 Pine Hill Road, Bedford, Mass. 01730
James R. Carawan	P. O. Box 102, Chugiak, Alaska 99567
Gene Lanzaro	3109 East Mulberry #29 Fort Collins, Colorado 80521
Diane H. Nash	1555 Alder Drive Anchorage, Alaska 99504
Donald A. Nash	1555 Alder Drive Anchorage, Alaska 99504
Edward S. E. Newbury	Box S-880, Palmer, Alaska 99645
Clell L. Prewitt	1109 West Peebly Drive Midwest City, Oklahoma 73110
Daniel W. Rietze	SRA, Box 472-R Anchorage, Alaska 99507

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NAMES	ADDRESSES
Jean M. Rietze	SRA, Box 372-R Anchorage, Alaska 99507
Glenn R. Talley	3103 Brookside Drive Spenard, Alaska 99503
Bartley DeBuona	Route 106 Muttown Syosset Post Office, L. I., New York 11791
Harry S. Pack	520 Ocean Avenue, Massapequa, N. Y. 11758

Dated: New York, New York

April 30, 1972

Orig Edward Weinfeld
U.S.D.J.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

TILNEY & COMPANY,
FREDERICK TILNEY,

Defendants.

67 Civ. 4676

AFFIDAVIT FOR ORDER TO SHOW CAUSE

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STATE OF NEW YORK)
: SS : -
COUNTY OF NEW YORK)

I. ALAN HARRIS, being duly sworn, deposes and says:

1. This affidavit is being submitted in support of your deponent's application for an order to show cause why

(a) the affidavits of John J. Rieger, Walter J. Carroll, Esq., and Thomas Bellingham, all sworn to on April 19, 1972, and submitted for filing by letter dated April 20, 1972 of Terence F. Gilheany, of Messrs. Cadwalader, Wickersham & Taft, should not be rejected and returned;

(b) the unsigned Bellingham affidavit (Exhibit B-4), the affidavits alleged to have been executed by customers or creditors of the defendants (Exhibits C-1 through C-13), and the affidavit of Harry S. Pack (Exhibit D), (all said exhibits being exhibits to Tilney's Affidavit of April 17, 1972), should not be rejected and physically removed and deleted from the record on file herein;

(c) an evidentiary hearing should not be had as to the circumstances and facts surrounding (i) the execution

and obtaining of the aforesaid affidavits, (ii) the failure to obtain the Bellingham affidavit as originally served and filed in this matter, (iii) the failure to make clear to the Court and the interested parties at the time of said service and filing that the said Bellingham affidavit was not yet executed, (iv) the misstatement and false implication to the Court and the interested parties at the hearing that the affidavit allegedly actually signed by Mr. Bellingham was the same affidavit as served and filed, and (v) the truth, accuracy and completeness of the substance of said affidavits by requiring the signers thereof, including one, Edwin F. Hendrickson, Esq., of the law firm of Payne, Wood & Littlejohn, Glen Cove, Long Island, to appear and to testify at said evidentiary hearing; and

(d) that, upon the return date of said order to show cause if it be determined that an evidentiary hearing should be had, that said evidentiary hearing proceed forthwith.

2. This Court and the other parties have been misled, in many instances deliberately, and we are now being requested to sweep everything under the rug on the theory that no one will be prejudiced because we can respond to certain papers. On that point alone, it is respectfully requested that the accompanying order to show cause be signed so that an adequate and proper response may be made. Statements by the defendants are one thing but statements and affidavits of third persons are properly either not part of the record or are the subject of confrontation

and cross-examination

3. If none of the affidavits have any probative value or are immaterial, irrelevant, incompetent or are hearsay, or are the result of pressure or inducement by the defendants, then the same should not be accepted or should be deleted or removed from the record. If any of them are being offered as proof, or have some probative value, as to some secondary or other issue, for example, as to the accuracy of the receivers' reports, then the parties are entitled to inquire as to the circumstances, and the substance, of the said affidavits. The signers should be required to come forward and to back up their statements.

4. Your deponent's diary and memory clearly notes and remembers that on March 8, 1972, Mr. Hogan and your deponent met, at the law offices of Payne, Wood & Littlejohn, Glen Cove, L. I., counsel to the Matinecock Bank, with Mr. Edwin H. Hendrickson, of that firm, and at least one other director or officer of the bank in a discussion concerning the shareholdings by the receivership of 6066 shares of said bank and the estate's interest in obtaining some concept or evaluation as to the market value thereof, and perhaps, obtaining a bid for said shares. Your deponent's diary records a telephone call from Mr. Hendrickson on 2/28/68, two telephone calls to him on 3/6/68, a prior appointment with him for 3/8/68 at 11 A. M., and an actual trip to Glen Cove, and an actual conference and meeting at the law offices on 3/8/68 after which Mr. Hogan and your deponent went to Hicksville for another meeting on different matters. Mr. Hogan and your deponent met with at least two persons believed to be

1039-cc

Mr. Hendrickson and Mr. Bellingham, and discussed the shares of stock, the bank, and were also the guests of said gentlemen for lunch at a country club. Mr. Hendrickson's partner, Victor C. McCuaig, Jr., was a director of the bank.

5. The signed affidavit of Mr. Bellingham, now offered by Mr. Gilheany, states that the signer was not present at any meeting and has no knowledge of ever meeting your deponent, and then goes into whether there was any conference or meeting of "officers", excluding any mention of "directors" or "counsel" or both. Further, the entire substantive scope of the first-offered affidavit does not appear anywhere, and the now-offered affidavit concludes with a gratuitously inane and fatuous sentence to the effect that had the receivers conferred with him, he would have advised us that a merger would permit larger loans and added services to the public, although he now refuses to state that he would have told us that a merger was being considered.

All other averments as to the imminence of any merger, the current discussions (if any) among the bank's directors concerning the same, and his readiness, nay eagerness, to advise us thereof, are now absent.

6. The defendants' affidavit, pp. 7-8, devotes almost the entire said two pages to specifications of improper administration based upon Mr. Bellingham's unsigned affidavit. There is no point further to describing these arguments at this moment, except to state that in the light of what has occurred with respect to the unsigned affidavit, your deponent and Mr. Hogan are entitled to the relief requested herein.

1039-MEF

7. Mr. Gilheany's attempt casually to describe the affidavit as differing in three respects from Exhibit B-4 i.e. a change in date, a deletion of some material, and a modification of the final sentence, should not be permitted. Mr. Gilheany, apparently, never checked nor confirmed with Mr. Bellingham whether his affidavit would be signed, but instead loaned the name of his firm, and its and his standing as an attorney in this Court, to the accuracy and submission of papers. He relied upon the word of the defendant, the cause of this entire receivership, and an admitted converter of funds and securities belonging to customers and members of the public,

8. To compound the lapse, it required the specific inquiry of the Court - only after the complaint of your deponent- to elicit that Mr. Gilheany, in fact, had served and filed an affidavit knowing the same had not been sworn to. And then, he again assured the Court and the parties - and the defendant induced and permitted him to - that the affidavit was now signed and would be served. The fact was that he owed a duty not to permit the initial service and filing, with or without conferring with Mr, Bellingham; and when called to account, he should not have advised the Court that the affidavit in question was now signed. It was not "that affidavit", it was not "Mr. Bellingham's affidavit" to which reference has been made; it was not "the executed affidavit which was the subject of some discussion."

9. As to the affidavit of Mr. Pack, Exhibit D, in which that affiant states under oath (a) that the total of the

classified loans of the Waddington Bank as of November and December, 1968, had been greatly reduced at the time of the next examination, and of that total, that less than 10% has had to be charged off, and (b) that your deponent's comment and opinion, as noted on the record of the transcript of the hearing in this Court on June 26, 1969, and as set forth in your deponent's Report and Petition for Allowance that the condition and affairs of said bank were "terrible", was a gross overstatement at the time in question, to wit, December, 1968, your deponent requests this Court to compel the appearance of said Mr. Pack, together with such files as he may have relevant to this matter, so as to support or corroborate his said affidavit. This Court should not permit the oath, nor the dignity and prestige of this Court, to be taken so lightly as to allow persons to presume that they can swear to anything, free of any questioning as to the same.

10. As chairman of the board of said bank, Mr. Pack (who, upon information and belief, is now a fellow director of Long Island Commercial Review, Inc. with Mr. Tilney), should easily be in a position to explain - if he can - the meaning and significance of the following language extracted from a letter dated 8/30/67 from the banking department to the board of directors relating to the examination of the bank as of 4/21/67:

> "The bank's condition continues to be unsatisfactory. The factors contributing to that condition are clearly set forth in the examiner's comments on Schedule 1 and in his comments supporting the adverse classification or special mention of individual loans and mortgages listed in Schedules 7, 8, and 9. These matters have been the subject of comment in the past several reports of examination and, indeed, were cause for such concern that the writer met

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with your Board of Directors after the 1964 and 1966 examinations to express that concern and to encourage each director to recognize his obligation to take a more personal and active interest in correcting the deficiencies. The present report indicates a total lack of progress. In fact, classified assets now exceed your adjusted capital account, and when assets listed for special mention are included, the ratio reaches 150 per cent of capital."

And the following language extracted from a similar letter dated 9/23/68:

"Analysis of the report indicates that the condition of the Waddington Bank has deteriorated further and is now a matter of grave concern to this Department. Continuance of the liberal loan policy and ineffectual collection practices has resulted in a very significant increase in classified assets. Consequently, the general liabilities of the bank are now partially dependent on substandard assets.

"Attention is directed to the examiner's comments and the various supporting schedules. The Board of Directors is requested to comment on each of the matters discussed in the report and to present a written reply to this Department by October 15th. The Board is also instructed to hold itself available for a meeting with the Superintendent of Banks sometime in November 1968. Additionally, management is directed to submit a monthly status report on all loans classified and special mentioned by the examiner commencing with the balances outstanding as at August 30, 1968. The first report should be received by this Department before October 15th."

As of March 22, 1968, the reserve for loan losses stood at its lowest point in years, while classified loans, as well as total loans, continued to show an increase.

11. If Mr. Pack is willing to submit his affidavit that your deponent is or was not telling the truth or speaking accurately, then he should be willing, and perhaps eager, to come forward and to support his sworn statement, or in the alternative, to withdraw the same. The fact is that as a direct result of the efforts of Mr. Studley and your deponent, a new

operating officer ultimately was brought in, new procedures and controls were to be instituted, and slowly, the condition of the bank should have improved.

12. Upon information and belief, the amount of charge-offs by the Waddington Bank for the years 1968, 1969 and 1970, aggregated $33,245.23; and without fear of contradiction, your deponent can accurately state that said total of charge-offs was not unduly conservative. The charge-offs for 1966 and 1967 totalled $29,063.86. The aggregate book value of the bank (without writing down the bond investment accounts to market value) was about $135,000. The accounting procedures proved to be so inaccurate that the operating results for any one year were never accurately determined. It claimed earnings of $4.12 per share for 1967, but the banking department examination pointed out a simple, but outrageous, crediting of over 80¢ per share of earnings to 1967 which clearly belonged to 1966. It claimed earnings of $2.79 per share for 1968, and $1.33 per share for 1969; and then revised its 1969 earnings to a loss of $2.61 per share; and in 1970, it claimed $1.32 per share of operating earnings before securities transactions. And while all this was going on, the reserve for loan losses went lower and lower to a 12/31/70 total of $10,359.09 against loans of $916,480.49 - - in a bank where the charge-offs for the past five years exceeded $60,000.

13. This aspect of this entire proceeding deserves this additional inquiry as the same is pertinent and relevant to your deponent's application for allowances of the defendant's charges and innuendos, his offers of proof which are never produced, his scandalous and scurrilous, and unsupported, remarks and accusa-

tions. The Waddington Bank was in a terrible condition, and Mr. Tilney negligently and grossly misrepresented that condition to your deponent while Mr. Tilney knew that negotiations were in progress with Mr. Studley to obtain a bid of $50 per share. (Mr. Tilney stated that there were only two $2,000 loans which were weak and which might have to be charged-off.) The bid was obtained; Mr. Tilney was pleased and acquiesced in the acceptance thereof; he permitted his wife to sell 96 additional shares (bought at $40 per share) at $50 per share; and your deponent had no interest whatsoever in the Studley purchase. After - some five or six months after - the purchase, and only after and as a result of the disclosure of the incredibly poor and chaotic financial and operating condition of the bank, when it was learned that the banking department might impose a care-taker management or worse, did your deponent agree to become a member of the board of directors and to assist the purchaser who had been misled, and to seek to lend your deponent's experience and education in an effort for management to regain control and to bring order out of chaos and to salvage an institution and the investment.

14. As to the affidavit of Mr. John J. Rieger, vice-president of Long Island National Bank, he is a liar. That bank was in a terrible sweat about its past-due loans due from Tilney & Co. and from Governmental Statistical Corp. ("GSC"), and alleged to be gross-guaranteed or co-made by Frederick Tilney and Dorothy M. Tilney, and further secured by collateral owned by each of said firms and individuals, individually or jointly owned.

There came a time when even according to the bank's objectionable manner of application of funds, the Tilney & Co. loan was paid off and surplus cash collateral came into existence, in addition to valuable and marketable securities, indisputably belonging to Tilney & Co. The GSC loan had been reduced to $62,000 and was secured by its own asset, the famous $95,000 note of Alaska State Development Corp. ("ASDC"), and, as noted, was also secured by cash and assets of the receivership and assets claimed by Mrs. Tilney (but which claim was continuously and is not now recognized by the receivers).

15. Your deponent, after considerable effort and correspondence, obtained a bid of $76,000 for the ASDC note and instructed the bank to transfer and deliver the note, apply the proceeds in complete and total payment of the last of the balances due to the bank, and to free up and deliver all surplus cash and securities in accordance with their ownership and the doctrines and rules of subrogation and contribution.

16. As a direct result of Mr. Tilney's discussions with the bank, and his written threat contained in a letter of October 14, 1968 addressed to Mr. John Dinkelacker, vice-president of Long Island National Bank, the bank did not transfer the note, the bid was withdrawn and the opportunity was lost. Your deponent, by repeated correspondence, kept the bank on notice that it would be held liable for damages, interest, etc., and gave the matter to counsel to the receivers for action in this Court.

17. The acts and omissions to act of the bank were and

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are incredible from a legal, banking or businessman's point of view. As noted elsewhere herein, disrespect for the law, this Court, and the due administration of justice, will be encouraged unless a halt is called. And one of the ways to call the halt, is to call forward the signers of these affidavits. The time is long overdue when the defendant should not continue to be permitted to make his false and baseless charges, cluttering up the record with volumes of documents and words, attributed to third persons and to himself, but having only the appearance of relevancy, truth, honesty, and accuracy.

The court is respectfully - and earnestly - requested to grant the relief requested herein, and to order Messrs. Bellingham, Pack and Rieger to come forward to testify at an evidentiary hearing, or in the alternative to strike, delete and remove their spurious and specious affidavits. It is submitted that said affidavits, and all others similarly offered herein, are contemptuous of this Court.

18. No prior application for this relief has heretofore been made, except to the extent your deponent's Preliminary Reply Affidavit, sworn to April 19, 1972, can be deemed to over-lap in some respects with portionsof the relief requested herein. It is respectfully submitted that this application is being made in good faith, in accordance with the Court's statement that your deponent is free to make the same, applying for an evidentiary hearing (Transcript of 4/19/72, p. 47, lines 10-12).

19. A failure to grant this application, and a failure to make further inquiry into the circumstances and facts

surrounding the Bellingham affidavit, will result in a major erosion of the power, prestige and authority of this Court, an abdication of its responsibility, and a denial to your deponent of rights accorded to him by the rules and practice of this Court. Your deponent has had his Report and Petition for Allowance on file, and has been seeking to bring the same on for hearing for longer than 18 months.

The granting of the relief prayed for herein, and the scheduling of the evidentiary hearing, will not unduly delay the further progress of this matter. It will, in fact, expedite matters, narrow the issues, and assist the Court in arriving at a fair and just decision.

20. The reason why this application is being made by order to show cause is that there may be insufficient or inadequate time within which to bring this matter on by ordinary notice of motion, and for the even more pressing reason that an order of this Court is necessary to obtain permission to serve these papers upon persons not parties to this action, and to direct the manner of such service. It is respectfully requested that permission be granted to serve these papers by certified mail, return receipt requested, and that in default of an appearance by any such person not a party to this action, that any affidavit or other writing of said person submitted in support of the defendant's Affidavit be rejected and physically removed and deleted from the record on file herein.

BARRY LIEBMAN
NOTARY PUBLIC, STATE OF NEW YORK
No. 60-2350520
Qualified in Westchester County
Commission Expires March 30, 1973

I. ALAN HARRIS

Sworn to before me this
19th of April, 1972

NOTICE OF ENTRY

Sir :

Please take notice that the within is a true copy of a

duly entered in the within named court on

19

Dated,

Yours, etc.,

LIVINGSTON, LIVINGSTON & HARRIS

Attorneys for

Office and Post Office Address

292 Madison Avenue

New York, N. Y. 10017

To

Attorney for

NOTICE OF SETTLEMENT

Sir :

Please take notice that an order

of which the within is a true copy will be presented for settlement to the Hon.

one of the judges of the within named court, at

on the day of 19

at M.

Dated,

Yours, etc.,

LIVINGSTON, LIVINGSTON & HARRIS

Attorneys for

Office and Post Office Address

292 Madison Avenue

New York, N. Y. 10017

To

Attorney for

1038

67 Civ. 4676

Index No. Year 19

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

TILNEY & COMPANY
FREDERICK TILNEY,

Defendants.

ORDER TO SHOW CAUSE AND SUPPORTING AFFIDAVITS

I. ALAN HARRIS

Withdrawn Receiver

Office and Post Office Address

292 Madison Avenue

New York, N. Y. 10017

(212) 889-2828

To

Attorney for

Service of a copy of the within

is hereby admitted

Dated, 19

Attorney for

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- X

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

TILNEY & COMPANY,
FREDERICK TILNEY,

Defendants.

- X

67 Civ. 4676

REPLY AFFIDAVIT

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.:

ROBERT G. BENISCH, being duly sworn, deposes and says:

1. I am an attorney at law acting of counsel to the firm of WAGNER, QUILLINAN & TENNANT, attorneys for the Receiver herein, and as such I am fully familiar with all of the facts and circumstances surrounding the matters hereinafter set forth in this affidavit.

2. This affidavit is made in reply to the affidavit of FREDERICK TILNEY filed herein in support of a motion to reduce the amount of the final fees and allowances of the Receiver, Ex-Receiver and their retainers.

3. The aforesaid affidavit of Mr. TILNEY purports to contain "a study" (Exhibit A) of the time charges submitted herein by the Receiver, ex-Receiver, their attorneys and accountants. This so-called study states (Exhibit A, p.1) that it was performed by Governmental Statistical Corporation

(hereinafter referred to as G.S.C.) to "make possible an analysis in depth of the value and quality of the work performed and to measure the time rates charged against the background of the work performed and current standards and practices." With respect to this rather presumptuous statement, it should be pointed out that neither G. S. C. nor its principal, Mr. TILNEY, are attorneys nor are they, to the knowledge of your deponent, even remotely familiar with the "current standards and practices" engendered in an equity receivership in a United States District Court. Through this "study", G. S. C. purports to set itself up as an authority in the highly specialized legal field of administration of equity receiverships. It is this "study" which forms the basis for the relief requested by Mr. TILNEY in his aforesaid affidavit.

4. An examination of the aforesaid "study" indicates that the total time charges of the administrators herein has been broken down into five categories.

In category A all items of work performed which it is alleged was of no benefit to the estate are listed for no payment.

(a) Under item 1 "general time" with an alleged total dollar value of $16,035 is listed for elimination from the Court's consideration. No itemization is given of what specific time is alleged to be "general time" and therefore not properly chargeable herein. Accordingly, both the Court and your deponent are completely unable to deal with this

alleged "general time". This also holds true for item 2 of said table listed as work "not allocated".

(b) Table A also lists for no payment the time charges connected with the sale and resale of the stock of the Waddington Bank. The statements contained in the notes to table A with respect to the Waddington matter are, in part, unintelligible and in other respects totally false. There was, to my knowledge, no objection by Mr. TILNEY to the initial sale of this stock by Mr. HARRIS to Mr. STUDLEY. In fact, Mr. TILNEY was quite content that it be sold to Mr. STUDLEY at $50 per share rather than BLYTH & CO. at $47 per share. In fact Mrs. TILNEY voluntarily sold 96 shares of Waddington stock which belonged to her and her children at $50 per share as a part of the same transaction. The fact that this sale was subsequently rescinded due to subsequent activities of Mr. HARRIS has no bearing on the fees payable to the other administrators for the work spent in effecting the aforesaid sale.

Clearly, payment for the substantial work done by the remaining administrators in connection with the sale of the Waddington stock at public auction is a proper charge to this estate. This work was performed with the knowledge, consent and, to a great extent, at the instance of Mr. TILNEY. In his opposition herein Mr. TILNEY is insidiously attempting to spread the alleged "taint" attached to the first sale on to all of the administrators in addition to Mr. HARRIS and thereby eliminate all fees in connection with the entire Waddington matter. As the Court is keenly aware,

the rescission of the initial Waddington sale and its subsequent sale at public auction was brought about, in large measure, as a result of statements made by Mr. TILNEY, after learning that Mr. HARRIS had become a director of the bank, that a public sale of said stock would bring a much higher price than $50 per share. The irresponsibility of these statements has been borne out on the record in this proceeding.

Mr. TILNEY'S contention, therefore, that all fees earned in connection with the Waddington Bank matter should be eliminated is totally without merit or basis in fact.

(c) With respect to item 22 of Table A, the examination before this Court of Mr. BROOKE V. POSTLY was made necessary as the result of the form and substance of certain loans and repurchase agreements allegedly entered into between Mr. POSTLY and Mr. TILNEY prior to the commencement of this receivership. An examination into these transactions revealed that there was a serious question as to whether Mr. TILNEY had diverted assets of his and the partnership to Mr. POSTLY in anticipation of the S.E.C. taking action against Mr. TILNEY and TILNEY & COMPANY. The examination of Mr. POSTLY was duly conducted so as to provide the Receiver and the Court with an opportunity to directly examine Mr. POSTLY, under oath, regarding his transactions with Mr. TILNEY and his possession of securities allegedly belonging to Mr. TILNEY or TILNEY & COMPANY. An exchange of correspondence and papers would not

have sufficed under the circumstances. Accordingly, Mr. TILNEY'S contention in this regard is totally without merit.

(d) In item 31 of Table A the contention is made that time charges for the trip to Alaska made by your deponent and Mr. HARRIS have not been allocated and therefore should be eliminated. The applications for allowances filed herein by your deponent and Mr. HARRIS clearly indicate the matters dealt with during their stay in Alaska. A multitude of receivership matters were attended to by your deponent and Mr. HARRIS while in Alaska including, without limitation, settlement conferences with the attorney for the City of Nome, conferences with the United States Attorney and various customers, conferences with Mr. SASSARA of FOSTER & MARSHALL regarding the sale of various securities held by the Receiver, a conference with the President and Chief Financial Officer of the MATANUSKA VALLEY BANK in connection with a possible purchase by said bank of over 3,000 shares of its stock which constituted an asset of the receivership, several conferences with the officers of CITY COMMERCE CORPORATION relative to the sale of notes and stock of said corporation, attendance at a stockholders meeting of ALASKA STATE BANK, a conference with DON BURR, ESQ., local counsel for the Receivers in Anchorage and the examination of the voluminous records and files located at the office of TILNEY & COMPANY in Anchorage.

Your deponent alone spent 6½ days, inclusive of

travel time, on receivership business in Anchorage which time and efforts produced substantial benefit to this estate. Mr. TILNEY'S contention in this connection is untenable and grossly unfair.

(e) The contention expressed in item 37 which also encompasses item 19 of Table A is based upon a completely distorted view of the facts surrounding the prosecution of the action and judgment against G.S.C. Consistent with their duties herein, the Receivers and counsel have taken and intend to continue to take all steps deemed necessary for the enforcement of a judgment of over $600,000 obtained by the Receivers against G.S.C. The Receivers' right and obligation to so prosecute this action cannot be questioned. In fact, this Court so indicated during the course of a hearing before it when the matter was discussed (see transcript of the hearing held July 24, 1969, pages 121 and 122). In the course of the discussion on the collection by the Receivers on certain debts owing by G. S. C. to TILNEY & COMPANY this Court inquired as to whether the assets of G. S. C. could be assigned to the Receiver to which Mr. TILNEY responded that he would not make any such assignment. I then stated that an action could be brought to recover judgment against G.S.C. to which the Court replied, "You have absolutely no choice as I see it if you are going to fulfill the obligations of your fiduciary relationship." Such statement was as true then as it is now. The time spent in attempting to execute on the judgment is

certainly a justifiable expense to the receivership. It should further be noted that without the interferences of Mr. TILNEY the time spent in collecting a portion of this judgment would have amounted to a fraction of what it is to date. It is, therefore, outrageous when the very party responsible for the accumulation of the hours seeks to eliminate those hours as a payable item.

(f) Item 40 of Table A uses the totally false and unsupportable allegation of impropriety in the sale of the MATTHEWCOCK stock as the basis for eliminating the time spent in effecting the sale of this stock. This logic sets up an erroneous premise to arrive at an equally erroneous conclusion.

(g) Item 70 of Table A eliminates all time billed in connection with the contempt proceeding brought against Mr. TILNEY and his wife. This proceeding, which is available in receivership proceedings such as the one at bar, was deemed necessary in view of the clear disregard by the TILNEYS of this Court's directions and admonitions. Mr. TILNEY apparently feels that he is free to act contrary to the directions of this Court and the Receiver without paying any penalty therefor. The charges for the time spent in this matter are incontestable.

(h) In item 80 of Table A, it is contended that no payment should be made for time spent in conferring with Mr. HARRIS after his resignation as a Receiver. As it happens,

Mr. HARRIS, at the time of his resignation, was individually involved in a great many receivership matters. It was, therefore, absolutely necessary for the remaining administrators to consult with him on these matters so as to permit the expeditious continuation of receivership business. This contention should be ignored by the Court.

5. Table B of the TILNEY affidavit sets forth items where it is claimed that the time spent was excessive thereby requiring a reduction of 50% of the charges for such time.

(a) Item 3 of Table B contends that the preparation of applications herein should have been a simple matter. This contention completely ignores the requirement of law and of this Court that full and complete applications for allowances be filed in a proceeding such as this. This is particularly true where, as in the present case, a severely strained relationship exists between the administrators and the defendants. The contention in this item is completely fatuous.

(b) Item 17 of Table B seeks to reduce the charge for the time billed in connection with the recovery of $85,000 on the judgment against D. RAYMOND KENNEY & CO. on the basis that the $85,000 settlement was too low. Nothing need be said on this except to point out that the settlement of the KENNEY matter was done with approval of the Court after a full and complete hearing on the matter

during which the Court explored the arguments of both sides and exhausted all of the possibilities. As for the question of not obtaining releases from KENNEY, your deponent had every intention of doing so. However, on discussing the matter with Mr. TILNEY I was specifically asked by him not to request a release since KENNEY, would, in turn request one from TILNEY & COMPANY and, Mr. TILNEY, having plans to sue KENNEY in the future for "consequential damages" to TILNEY & COMPANY, did not want to execute such a release in favor of KENNEY. Even if a release had been obtained from KENNEY, it would not have stopped him from making the subsequent claim as he did. The contents of this item are wholly inconsistent with the facts of the matter and are unsupportable.

(c) The thrust of Item 18 of Table B, although not at all clear, appears to be an attempt to cut the expenses involved in the settlement of the action by the City of Nome against TILNEY & COMPANY, et. al. As the Court will recall, this action against Mr. TILNEY and TILNEY & COMPANY in the sum of $2 million presented a tremendous stumbling block to the progress of this proceeding. TILNEY & COMPANY was in default on its underwriting commitment with the City of Nome and was clearly in no position to follow though on said commitment. When BOETTCHER & COMPANY took over the underwriting, all concerned, including Mr. TILNEY, were delighted for the reason that if BOETTCHER could place the

bonds, the City's damages would certainly be mitigated to a great extent. To my knowledge, no attempt was made by the City of Nome to have TILNEY & COMPANY sign off to BOETTCHER or the City in connection with TILNEY & COMPANY's underwriting agreement. The City was perfectly free to deem TILNEY & COMPANY in default and to renegotiate the underwriting with another source. For Mr. TILNEY to now imply that the City would not have sued TILNEY & COMPANY had the Receivers obtained a release at the time of the second underwriting with BOETTCHER is an incredible presumption and a gross misstatement of the facts. The fact of the matter is that the City's action was settled (as it had to be both from a liability standpoint and from a practical time standpoint) for the sum of $20,000 which settlement, pursuant to order of this Court, removed a potential crushing liability from the receivership estate and permitted the continued liquidation thereof.

The obscure innuendos contained in this item are completely frivolous and should be given no weight by this Court.

(d) Item 27 of Table B seeks a reduction in the time charges for receiving and answering the reports and correspondence delivered to the administrators by Mr. TILNEY. It should be pointed out in this regard that the volume of material forwarded to the administrators by Mr. TILNEY throughout this proceeding was tremendous. Much of this

material contained information, recommendations and accusations which had to be reviewed and acted upon. What Mr. TILNEY is now saying is that since the administrators in many instances did not act and react in accordance with his directions ,they should, therefore, receive 50% of the amount of the time charged on this matter. It is respectfully submitted that this contention needs no further comment.

Item 36 of Table B which concerns itself with the collection of $1,000 from a debtor of Mr. TILNEY serves to indicate the naiveté of Mr. TILNEY in matters of legal procedure. Surely, this Court should not permit Mr. TILNEY to first set himself up as a legal authority and then make himself an expert on the worth of collecting debts.

(e) Items 81 and 82 of Table B deal with the Receiver's sale of the City Commerce Corp. debentures and the Matanuska Valley Bank stock which comprised an asset of the receivership estate. Here again Mr. TILNEY has conveniently used two erroneous premises to support his contention. Firstly, there is no question but that both of these estate assets had to be sold. The estate was not, at the time of this sale nor is it at present, in the cash position to pay creditors in full, interest on claims plus administration expenses. At the time of these sales the Receiver was under specific directions

of this Court and the S. E. C. to liquidate as expeditiously as possible the remaining assets necessary to accomplish the purposes of the receivership. Secondly, the so-called loss to the estate is fictitious. As this Court has pointed out many times, the Receiver herein is not in the business of "playing the market" with respect to the securities to be sold in this proceeding. His task is to obtain the best price reasonably possible under the circumstances and not to run the risk of refusing an offer on the remote chance that a higher bid price might later be obtained. Were this to be the method of liquidation, (as Mr. TILNEY implies in this item) this proceeding would never be wound up.

(f) Item 102 of Table B relates to work performed by the accountants for the Receiver in examining and reporting on the records of TILNEY & COMPANY so as to permit an accurate picture of the situation for purposes of orderly administration. Because of the interrelated company transactions indicated on the books of TILNEY & COMPANY, an enormous amount of time was required to arrive at some accurate picture. Such an independent examination and audit is absolutely necessary and a requirement in proceedings such as these. In view of the conduct and activities of Mr. TILNEY which gave rise to this proceeding in the first instance, it is absurd to contend that reports and audits filed with the S.E.C. by TILNEY & COMPANY should

have been used or relied on to any great extent. It is here that a "taint" most properly spreads to the records of a company controlled and directed by a person guilty of the actions which are a matter of record. In view of Mr. TILNEY'S background activities, both prior to and during this receivership, he can hardly be heard to make the allegations contained in these items. The foregoing also applies to item 103 of Table B.

6. (a) Table C of Exhibit A of the TILNEY affidavit singles out certain areas of work performed with respect to the claims of creditors and contends that the time changes with respect to said work should be reduced by 1/3. The support for this contention is an alleged "poor relationship" established with certain creditors. This allegation is a complete distortion of the facts. The creditors (particularly the customer creditors) of this estate were, from the very outset, dismayed and outraged at a situation whereby they had paid, what to them was substantial sums of money, for the intended purchase of securities only to find that Mr. TILNEY, in most instances, had taken the money advanced and used it for his own purposes without making the purchase of the securities ordered. In an attempt to advise the creditors of the existence of the receivership, a notice was sent to every creditor carried on the books of the defendants. Thereafter I, personally, wrote over 200 letters in response to inquiries of creditors. Numerous other letters and communica-

tions were sent by each of the Receivers. In addition, a report indicating, to the extent possible, the financial condition of the estate was mailed to all creditors.

An additional circumstance which added to the burden of communicating with creditors was the fact that many of the creditors, because of the nature of their occupation, i.e. military service, construction, etc., kept moving from place to place both in this country and abroad. This constantly shifting creditor body was located in such places as Alaska, Florida and Greece, making it very difficult to keep track of their current whereabouts. Your deponent's file is full of letters returned as undeliverable since no forwarding address had been left.

It is indeed ironic for Mr. Tilney, based on a few self-serving affidavits, to claim that a poor relationship existed between the administrators and creditors when he is the individual solely responsible for placing them in the unenviable position of creditors in a receivership proceeding in the first instance. It seems that Mr. TILNEY'S concern for his customers varies but is always limited to situations where it profits him financially.

(b) Also listed in Table C for the 1/3 reduction is the time spent in sending proofs of claims to creditors, disputing claims of creditors, and even paying creditors. These claimed reductions are patently ridiculous and need no response.

(c) Items 11 and 12 of Table C deal with the claims of the TILNEY children. The support for the claimed reduction in the time charges in connection therewith is the assertion that Mrs. TILNEY, representing her children (which she could not in this proceeding), had made offers to take property in lieu of cash on the children's claims. As the Court is aware, all of the childrens' claims (which were filed at the instance of Mr. TILNEY in an attempt to garner a large portion of the estate for members of his family) were ordered expunged with the exception of one child's claim in the partial amount of $6,231; the aggregate amount of the childrens' claims as originally filed by Mr. TILNEY was $145,360.68. Here again, as he has done throughout his affidavit, Mr. TILNEY, having failed in one gambit, in attempting to limit payment for work performed as a direct result of his own activities. This tactic should not be permitted to succeed.

(d) It is unclear as to specifically what time is referred to in the remaining items of Table C and for this reason no response is possible and the Court should give no consideration thereto.

7. Table D of the TILNEY affidavit is labelled the "special notation" table. The notes to Table D are replete with misstatements of fact and completely illogical reasoning. However, in view of the fact that no reduction in time charges is claimed in said Table or in the remaining Tables of Exhibit A, I will not burden the Court by responding to these Tables.

8. Having eliminated and reduced certain time charges in Exhibit A, the TILNEY affidavit beginning on page 3 thereof then seeks a further reduction in the time charges for the reasons set forth in pages 3 through 11 thereof.

(a) On page 3 of his affidavit Mr. TILNEY presumes that the hourly rates charged by Mr. HOGAN are based on the hourly rate he would charge a satisfied client when acting as an attorney. There is nothing whatsoever to support this presumption by Mr. TILNEY. The fee requested herein by Mr. HOGAN is to cover 4½ years work during which period vast amounts of time were spent on receivership matters. The tireless efforts and expertise of Mr. HOGAN in bringing this receivership to a successful conclusion with a 100% distribution to creditors is a matter of record. During this period office overhead and other expenses had to be met by Mr. HOGAN, as well as the other administrators, without one cent in reimbursement. His time spent on this matter could well have been spent in the practice of law, in which event his earnings for such 4½ year period most certainly would have exceeded the fee he is requesting herein.

(b) Mr. TILNEY goes on to state on page 3 of his affidavit that the accountants' rates are three times the normal rate which "would pertain in an equity receivership where the equity remainderman in the final analysis has to pass on the true quality of the work as well as the volume." It is submitted, without reservation, that no one, in the final analysis, but this Court has to or can pass on the true quality of the

work done. This is simply another instance of Mr. TILNEY attempting to set himself up as the ultimate authority both legal and otherwise.

(c) At the foot of page 5 Mr. TILNEY begins a rehash of the situation concerning G. S. C. and Long Island National Bank. Both the record at prior hearings before this Court and the application for allowances of WAGNER, QUILLINAN & TENNANT clearly set forth the true situation in this matter. It should be pointed out, however, that Mr. TILNEY, on several occasions, has been requested to include the third parcel of property referred to on page 6 in the sale of the other two parcels contemplated by the Receiver. In each instance, Mr. TILNEY has refused to do so.

(d) The reference to Mr. HOGAN beginning on page 8 of the TILNEY affidavit is filled with unsupportable assumptions and innuendos. The reckless allegations of these paragraphs are totally unsupported by any probative evidence.

(e) On page 9 of his affidavit Mr. TILNEY, again setting himself up as a legal authority, contends that counsel to the Receivers is at fault in not advising the Receivers that the provisions of Section 2004 of Title 28 of the United States Code should have been applied in the sales of personal property in this proceeding. This is a completely erroneous assumption. Section 2004 specifically provides that the provisions of said section shall apply "unless the court orders otherwise". In the proceeding at bar the Court, in its order

appointing the Receiver, clearly ordered otherwise. This issue is dealt with more fully in the Memorandum of Law submitted herewith.

In any event, based solely on this incorrect assumption, Mr. TILNEY seeks a reduction in counsel fees from the already reduced sum of $53,674 (which is the amount shown in Table G of Exhibit A of the TILNEY affidavit) to $40,000, a further reduction of $13,674.

It is respectfully submitted that this, and all claimed reduction is completely unwarranted and should be disregarded by the Court.

9. The statements contained at the foot of page 9 of the TILNEY affidavit relative to the work of the accountants in performing the examination and preparing their reports has been dealt with in paragraph 5(f) of this affidavit and need no further comment.

In compiling their report as to the financial condition of this estate the accountants and the Receiver were, in a great many instances, unable to place a value on various securities for the reason that such securities had absolutely no currently established market. The accountants could not rely on the guess-work of Mr. TILNEY as to what these assets were worth. Throughout this entire proceeding Mr. TILNEY has attempted to grossly overvalue assets for the twofold purpose of preventing liquidation and to lay the groundwork for his anticipated sur-

charge claim herein. A typical example of this over exaggeration of values is Mr. TILNEY'S statements to this Court in connection with the true market value of the Waddington Bank stock.

Accordingly, the reckless and irresponsible statement by Mr. TILNEY that an attempt was made to have it appear that a state of bankruptcy existed so as to hold open the receivership for the purpose of allowing fees to accumulate, is completely untrue. For the past three years, there is no one who wanted this estate brought to a successful conclusion more than the administrators. With a modicum of cooperation from Mr. TILNEY this end could have been reached long ago.

10. The statements in the second paragraph of page 10 of the TILNEY affidavit in connection with the form of distribution to creditors completely ignores the rule of law that in a proceeding such as the one at bar, the administration expenses have a priority in payment over payments to creditors. This priority which was recognized both by the Court and the S.E.C. was the basis for the recommendation by the accountants that only a 65% distribution be made in the spring of 1971. The fact that the aforesaid priority in payments has been ignored in this proceeding by the Receiver in order to facilitate the winding up of this proceeding does not lend any credence to this contention of Mr. TILNEY'S.

11. The statements at the foot of page 10 of the TILNEY affidavit concerning the relationship between the Re-

ceivers and the creditors have heretofore been dealt with in paragraph 6(a) of this affidavit. This contention is completely irrelevant in this proceeding on applications and should be ignored.

12. A Memorandum of Law has been submitted with this affidavit which contains what the administrators contend is the law with respect to allowances of fees in proceedings such as and similar to the one at bar. This affidavit is deemed essential, however, in order to permit the Court to apply the law as it views it to the facts of this case as such facts truly exist. All the law in the world is meaningless if the facts to which the law is to be applied are not accurately established. This affidavit is submitted for this purpose.

WHEREFORE, the Court is respectfully requested to fix the fees and allowances herein in the amounts applied for in the respective applications filed by the administrators herein.

Sworn to before me, this

day of , 1972.

ROBERT G. BENISCH

CHARLES GRAHAM
Notary Public, State of New York
Qualified in Kings County
Commission Expires March 30, 1973

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

SECURITIES and EXCHANGE COMMISSION,

vs

TILNEY & COMPANY and FREDERICK TILNEY,

Defendants.

67 Civ. 4676

New York, New York,
May 4, 1972; 2:15 p.m.
Room 618.

BEFORE:

HON. DAVID N. EDELSTEIN,
District Judge.

APPEARANCES:

WAGNER, QUILLINAN & TENNANT, ESQS.,
Attorneys for Receivers;
ROBERT G. BENISCH, ESQ., of counsel.

I ALAN HARRIS, ESQ.,
Withdrawn co-Receiver.

SAXE, BACON & BOLAN, ESQS.,
Attorneys for Mrs. Tilney;
THOMAS A BOLAN, ESQ., of counsel.

JOSEPH C. HOGAN, ESQ.,
Attorney for Guardian ad Litem.

CADWALADER, WICKERSHAM & TAFT, ESQS.,
Attorneys for Defendants;
TERENCE F. GILHEANY, ESQ., of counsel.

Also Present:

DR. B. BERNARD GREIDINGER.

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THE COURT: I am ready to hear this order to show cause.

MR. HARRIS: May it please the Court, I am Alan Harris. I move the application presented by this order to show cause to reject and return.

This motion i smade in several parts and it is somewhat in the alternative and contingent branches of relief requested. But the first one is to reject and return the affidavits of Mr. Rieger, Mr. Carroll and Bellingham, sworn to April 19 and submitted by letter of Mr. Gilheany of Cadwalader Wickersham & Taft, by letter dated April 20th.

Also, at the same time, to consider, to reject and physically remove and delete from the record the unsigned Bellingham affidavit, exhibit 4, and the affidavit alleged to have been executed by customers or creditors of the defendant Exhibits C-1 through C-12, and the affidavit of Henry S. Pack, Exhibit D; all of those exhibit numbers being exhibits to the affidavit of the defendant of April 17, 1972.

In the event that relief is not granted at this moment, then the request was for an evidentiary hearing, your Honor, as to the sicrumstances and facts surrounding, then there are five clauses set forth in theorder to show cause. I don't know whether the order to show cause hang part of the record here, whether I should burden the record

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by repeating the various clauses.

THE COURT: No need to.

MR. HARRIS: Thank you, your Honor. And if it should be determined that an evidentiary hearing should be had, why the same should not be had forthwith.

THE COURT: Very well.

MR. HARRIS: Now, grounds having been shown to your Honor, your Honor permitted the servic e of the papers upon the attorneys for the parties and upon all of these other affiants by Certified Mail, which was done on the evening of April 28th, the date of the signing of the order, and three days before the bar date for signing and serving the papers; and I believe there are more than one such persons present in court today.

I move the application upon the grounds set forth and, in particular, --there is another branch of this application, I must go back.

There is another branch of this application to an inquiry, evidentiary or otherwise into the circumstances surrounding the service and submission of an unsigned affidavit, the non-disclosure thereof to the parties, except upon inquiry of the Court. Then response that the affidavit was obtained when it wasn't that affidavit at all, and the attempt to fudge the whole matter and sweep it under the rug by a very innocuous sounding letter.

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The grounds set forth in general for the rejection of these third party affidavits are that this is no way, in the movant's opinion, to determine issues to try cases, to try proceedings, to assist the Court in determining issues so that the record on appeal, if necessary, will be as clear and as necessary, and thatthe parties will have been given an opportunity to explore as to the implications of the statements contained in certain affidavits. In fact, the circumstances are such that there is in the light of the facts that I have just recited that are known to the Court, there is a question as to whether the affidavits are in fact affidavits; whether they were signed by the parties in question; whether there was any consideration offered for them; or what other pressues or inducements were given and whatother connections there were between the defendants and the said parties.

These said parties, creditors and customers, I am not referring to creditor banks at the moment, there have been conversations between such creditor customers and various administrative claimants here in the past, by telephone, in person, a multitude of letters, responses going back and forth.

If we are forced, if the administrative claimants are forced to be confronted with these affidavits in the form in which they are lodged, we will also perforce be require

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to, aside from missing our opportunity to cross examine and to go into the circumstances, to go and dig back into every communication back and forth between any one of these customer-creditors, and respond and the record would just build up enormously, withoutany probative value, without any materiality, without any relevancy, and in some cases without any competency as to their ability to det ermine whether a receivership was handled in the proper fashion or not in a proper fashion.

These affidavits should be stricken and removed from the record, particularly C-1 through C-13.

As to Mr. John Rieger and Mr. Walter Carroll, the two affidavits at the last moment, as noted in the movant's affidavit upon which theorder to show cause was granted, I stated that he is a liar. He is a liar in that the Long Island National Bank, was in a sweat to decrease and to eliminate the exposure, the term used, the loans that were due from Tilney and Government and Governmental Statistical at the inception of this receivership.

I may have had telephone conversations with Mr. Rieger almost daily for any number of weeks. I have correspondence with Mr. Rieger advising him of sales effected by the receivers and that he would be getting, that he should deliver stock and that he would be getting various sums of money, precise sums of money and to apply it in reduction of the loan.

We were being pressured by Mr. Dinckelacker and Mr. Rieger as to how fast they would be taken out of the picture, just like Marine Midland was taken out of the picture and Bankers Trust was taken out of the picture, and Franklin National Bank was taken out of the picture. And finally, a time came when the loan of Tilney & Company was paid off in full.

And even before that time, a time came when a $30,000 certificate of deposit matured and it proceeds were applied, not in accordance with the receiver's instructions, but applied directly against the GSC loan. Perhaps there might have been a difference of opinion as to whether they had to apply it to one loan or the other. But in as much as they claim to have cross guarantees or cross collateral, in the final analysis it may not have made any difference.

But that was one issue that arose between us and that was one of several issues taken up in a personal visit to Mr. Dinckelacker's offic e by your department, if I am not mistaken I believe Mr. HOgan was with me -- I am not sure -- aside from the $30,000 CD, no matter how that was applied, the Tilney & Company loan was finally paid up and stock continued to be sold and a cash collateral position began to arise.

They would call back the excess collateral belonging

to Tilney and it was serving to collateralize the Loan to GSC which was now reduced to $62,000, which was secured by its own asset, the famous $95,000 four percent note of Alaska State Development Corporation.

Thr ough the efforts of myself I finally, after obtaining such figures and Price Waterhouse statements as I could obtain, analyzed the financial status of Alaska Deveopment Corporation, and I was finally able to obtain a bid for that note of 80 cents on the dollar or 70 odd thousand dollars. And I even obtained an amendment to the bid leaving it firm and open for a certain period of time.

I thereupon, on behalf of the receivers, instructed Long Island National Bank to transmit the note to the bidder, Alaska State Deveopment Corporation and to get the proceeds, pay off the loan, and turn over the excess collateral and the excess properties to the receivers pursuant to their rights under federal statute and pursuant to the doctrine of subrogation and contribution.

That last point, your Honor, has to do with the fact that they also held assets of Mrs. Tilney as collateral. She being the co-surety, we maintained our right to the extent any of our property had been used to pay off the borrowers obligations, our right of subrogation or our right of contribution from a co-surety.

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Mr. Tilney sent a long letter to Long Island National Bank telling that under no circumstances were they to comply with our instructions, that he threatened to hold them strictly liable for untold tens of thousands of dollars. Therefore they did not sent the note, they did not accept the bid, they did not act in accordance with our instructions. They were put on notice by a letter on several occasions, were put on notice by myself.

Thereafter, there had been a long history with Long Island National Bank of attempts to extricate the receivership from their coils, something in which I myself had at some point no part in, it being subsequent to my withdrawal as a receiver.

It is my understanding that Mr. Hogan even went so far as to tender to Long Island National Bank the full amount due them in cash upon the return of the excess property belonging to the receivership and claiming the right of subrogation to the other properties and they refused.

To say that they acted in strict accordance with only some banking principles which are unphrased is incredible excuse me.

(Pause.)

I have just been advised that in connection with the last offer or tender of Mr. Hogan, there was again a letter

from Mr. Tilney addressed to Long Island National Bank to refuse the tender and the offer, to turn it down. So much for Mr. Rieger.

There is absolutely --

THE COURT: Have you almost completed your presentation?

MR. HARRIS: As far as Mr. Bellingham is concerned, your Honor, there is no point in saying other than what I have said under oath in the moving affidavit. I state affirmatively how the appointment was arranged, the telephone calls with Mr. Hendrickson, who was of counsel to the bank, the meeting with Mr. HOgan, ofcourse, and Mr. Hendrickson and someone else whom I believe was Mr. Bellingham and there is absolutely no two ways about it.

For him now to come forward with this affidavit, the one allegedly signed by Mr. Bellingham at the last moment, and to end up with the one sentence saying that had we conferred, he would have told me that a merger would allow larger loan limits, is just farcical, and this piece of paper should not be part of this record.

As far as what happened then to this bank is concerned, I have set forth actually the Waddington Bank matters. The fact of the bank condition in greater detail than others do, and I am prepared to back them up here this morning with

letters of the banking department themselves and the analysis of the balance sheet and the operating statements of the bank itself.

Therefore, I move the application.

THE COURT: Did you wish to say something?

MR. BENISCH: I would like to note for the record, your Honor, that the present administrators join in 100 per ent with Mr. Harris' application and urge its granting by the Court.

IN addition, I believe as Mr. Harris has covered in his affidavit, there are certain completely and totally irrelevant affidavits of customer-creditors which are also annexed to the Tilney affidavit of April 17, which have, in my opinion and I believe in the opinion of the law, no probative value whatsoever and serve no purpose herein and they also should be stricken.

This relief is requested in Mr. Harris' application.

MR. GILHEANY: Your Honor, there is one portion of Mr. Harris' application to which we have no objection, and that is the first part of sub paragraph B of the order to show cause, in which Mr. Harris asks that the unsigned form of Mr. Bellingham's affidavit be removed and deleted from the record. Not only do we have no objection to that, but your Honor may recall that in the letter in which I forwarded to

you Mr. Bellingham's affidavit, Mr. Carroll's and Mr. Rieger's affidavits, I made the same request. Therefore, we have no objection to that portion of the relief requested.

We do oppose the application for a removal of the affidavits of Messrs. Bellingham, Carroll and Rieger, and of the customer-creditors from the file. In the few days since these papers were served, I have tried to do some research into this question. It appears that affidavits of some sort are probably hearsay, stricktly speaking, under the rules of evidence. However, there is authority for the proposition that in an equity proceeding, such as this, in finding and applying the rules of evidence, as one court put it, the chief censor is the conscience of the chancellor. And that evidence of this sort maybe accepted by the Court and an exception to the hearsay rule may be found if there is necessity and a circumstantial guarantee of the trustworthiness of the evidence being submitted.

Now, in this case, your Honor, certainly with regard to the customer-creditors, there seems to be a great necessity for placing in the record what they have to say, for whatever it is worth, and your Honor would be the judge, obviously, of the weight of what is in those affidavits, of placing that material in the record by affidavit.

The great majority of these people are in Alaska.

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One of them is in Colorado. Others are elsewhere around the country. It would require a fixing of a hearing date, an evidentiary hearing date at some point weeks in the future, and a tremendous amount of expense to bring all these people here, and we respectfully submit that this would be a waste of the time and Money.

Mr. Harris -- we would have no objection to Mr. Harris or the receiver submitting any affidavits as far as the merits of the facts that are contained in the affidavits are concerned, any affidavits in reply thereto and your Honor could be the judge of the weight, the comparative weight, of that evidence.

With regard to the persons who are within the New York metropolitan area, your Honor, they are, I believe, all here today. I believe they would be willing to attend an evidentiary hearing. But again, this would take time and the termination of this receivership is a matter of the utmost urgency and we would respectfully submit that there is no necessity for an evidentiary hearing.

As far as the trustworthiness of the affidavits is concerned, your Honor, the affidavits in question were all duly executed. I would certainly undertake to get County Clerk's certificates or whatever other proof of the due execution of those affidavits your Honor might further require

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But certainly the papers in the record do indicate that they were sworn to under oath and the other main aspect of trustwrothiness is whether or not there was a motive to falsify. We respectfully submit, your Honor, that the application papers here today and the statement by Mr. Harris has presented absolutely no evidence of any motive on the part of these applicants to falsify. The customer-creditors have been paid 100 cents on the dollar.

The other gentlemen, Mr. Bellingham, Mr. Carroll, Mr. Rieger, Mr. Pack, are men of standing in the community who have no motive and there has been no motive shown, to falsify their statements.

For these reasons, your Honor, we respectfully oppose this motion.

If I may, I will give to your Honor and to your Honor's clerk, one citation for the legal propositions on which I have relied in this brief argument, and that is Dallas County versus Commercial Union Assurance Company, 286 Fed Second, 388. That really, your Honor, briefly speaks to the merits of the application if an evidentiary hearing were to be granted. We would respectfully urge the Court that any witnesses who would be brought here from outside of the State of New York, would be brought here at the expense of the bringing on this application and requiring their presence here.

THE COURT : I am going to reserve decision with this admonition, that should the Court decide to have an evidentiary hearing in whole or in part, I would ask you to be prepared on 24 hours notice to produce those witnesses who are in and about the metropolitan area. Is that clear?

MR. GILHEANY: That is clear, your Honor.

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